The NATIONAL UNDERWRITER
Life Insurance Edition

FRIDAY, JANUARY 2, 1948

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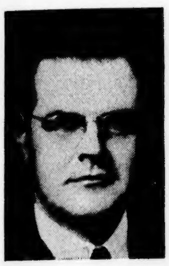
JANUARY 2, 1948
52nd Year, No. 1

Fitzgerald Heads Insurance Teachers at Chicago Meet

No Wright Award; Plan Campaign for Additional Members

By JAMES C. O'CONNOR

The American Assn. of University Teachers of Insurance held its 15th anniversary meeting at the Drake hotel in Chicago Monday with membership at an unprecedented high, but with a determination to raise it still more. The great boom in insurance courses in colleges, plus the remarkable and perhaps long overdue interest of insurance com-



H. H. Irwin

J. A. Fitzgerald

panies of all classes in educational work, has given the teachers an opportunity for expansion and they intend to capitalize on it.

Dr. J. Anderson Fitzgerald, the new president, has been dean of University of Texas school of business administration since 1926. A graduate of Georgetown College of Kentucky, Dr. Fitzgerald received his Ph. D. from the University of Chicago and taught at Carnegie Tech, University of Texas and Ohio State University before returning to Texas as professor of banking and insurance in 1925. He is a trustee of the American Institute for Property & Liability Underwriters and a board member of the Group Hospital Service and Group Medical & Surgical Service of Texas. He was president of the American Assn. of Collegiate Schools of Business in 1940.

Gaumnitz in Second Spot

Prof. E. A. Gaumnitz, University of Wisconsin, who had been a member of the executive committee, was elected vice-president and, according to tradition, will become president in 1949. Dr. J. Edward Hedges, Indiana University, who had been acting as secretary since last spring, was elected permanently to that spot. Dr. C. A. Kulp, University of Pennsylvania, the outgoing president, automatically goes on the executive committee.

The principal matter before the business meeting was a campaign to expand membership, both among college teachers and among insurance men doing educational work. H. H. Irwin, educational director Massachusetts Mutual Life, reported on the work of a special committee on this subject. The constitutional amendment proposed by the committee was approved. The principal change is a more specific definition of associate members, which now includes persons giving insurance instruction without college credit (the latter being necessary for active membership), persons supervising the training of agents and those engaged principally in insurance actuarial, research statistical work.

Mr. Irwin and Past President Ralph Blanchard, Columbia University, explained that the committee believed that any person genuinely engaged in any phase of insurance education should be invited to membership, but that this should not apply to men assigned temporarily to educational departments of insurance companies as a training for other work. Mr. Irwin also said that the committee had considered recommending a special group within the organization for insurance company educational directors, but decided against this on the ground that the association should not lose its primary identification as a collegiate group. The sense of the meeting was that educational director should be welcomed and also encouraged to set up their own organization, if they wish. Some informal meetings along these lines have been held recently.

There are now 150 members, Dr.

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NEW OFFICERS ELECTED

President—J. A. Fitzgerald, University of Texas.

Vice-president—E. A. Gaumnitz, University of Wisconsin.

Secretary—J. E. Hedges, Indiana University.

Executive Committee Members—L. J. ackerman, University of Connecticut (re-elected), J. H. Magee, University of Maine.

Philadelphia for N. A. I. C. Parley in June

RICHMOND—The annual meeting of National Assn. of Insurance Commissioner will be held at Bellevue-Stratford hotel, Philadelphia, the first week in June, it was announced by Commissioners will be held at Bellevue-Stratford chairman of a subcommittee named to select the time and place for the meeting.

The final decision of N.A.I.C. at its recent Miami Beach meeting was to go to Bretton Woods, N. H., in June if accommodations could be secured at Mt. Washington hotel there. Otherwise to settle for Philadelphia.

O.K. Sale of General, Detroit, to Bankers L. & C.

LANSING, MICH.—The Michigan department has approved the sale of General Life of America, Detroit, formerly Agricultural Life, to Bankers Life & Casualty of Chicago. The reinsurance was approved Tuesday by Illinois.

General Life has about $6 million in force and 5,000 policyholders and about $3 million assets. Virtually all of its business is in Michigan. The company was renamed when it was released from conservatorship by the circuit court here, with control passing to an Atlanta group. John MacArthur, president of Bankers Life & Casualty, was an unsuccessful bidder for the company at that time but continued his efforts to acquire the business. It is reported here that the sale price is around $400,000.

Department officials said the legal reserve deposit probably would be left in Michigan in view of the concentration of General's business here. S. D. Tilney, who served as conservator of Agricultural, has been president of General.

Truman Annual Message May Treat Life Co. Income Tax

WASHINGTON — A recommendation for legislation to change or repeal the so-called McAndless formula prescribed in the income tax law may be included in President Truman's annual message to Congress next week, according to indications at the Treasury Department. Secretary of the Treasury Snyder may also have something to say about the matter in his annual report.

Snyder has proclaimed the figure to be used in computing the "reserve and other policy liability" credit of life companies for federal income tax purposes for the tax year 1947 as 1.0066. Since the figure exceeds unity, it means that virtually no company will have to pay any income tax on 1947 operations unless Congress legislates retroactively, which is believed very unlikely. Companies doing a relatively large accident and health business might have to pay a small tax.

Snyder said the fact that life companies generally will pay no income tax for 1947 "raises questions of public policy with respect to the method of taxing life insurance companies which call for the immediate attention of the Congress and others concerned. Representatives of the life insurance industry at their request have already conferred with the Treasury with regard to these problems."

The figure 1.0066 was promulgated by the Treasury under the law which sets up the formula for taxation of life companies. For 1946 it was .9595. In announcing the figure Snyder said that the present taxing formula applicable to life insurance companies is based on conditions existing at the time of its adoption in 1942 and that he is confident the life insurance industry will cooperate with the Treasury and Congress in developing revised methods of taxation that will be fair and equitable and will not endanger their obligations to their policyholders.

STATEMENT BY INSTITUTE

NEW YORK—Following Secretary Snyder's statement the Institute of Life Insurance said insurance leaders have been conferring voluntarily with the Treasury Department with a view toward revision of the formula. This committee is headed by A. J. McAndless, president of Lincoln National. The institute's statement said that at the time of the adoption of the formula, when it produced substantial federal revenue, the companies' net earning rate, as measured by 1941 experience, was 3.41%. By 1945 this rate had dropped to 3.07%, reducing tax payments this year on 1946 transactions to slightly more than $23 million. The statement points out that the federal income tax has regularly been only a part of the total tax bill met by the life insurance companies, which paid last year to the various state and other taxing authorities approximately $117½ million in premium taxes, real estate taxes, license fees, security transfer taxes and other imposts.

Boost Foundation Funds

The governing boards of the Life Insurance Assn. of America, American Life Convention, and Institute of Life Insurance have voted to increase the annual amount available to the S. S. Huebner Foundation for Insurance Education from $25,000 to $30,000.

The **Life Insurance Advertisers Assn.** will hold its eastern round table at the Hotel Commodore, New York City, March 29.

McCarran to Call Industry Leaders to Pow-wow

Aims to Show Insurance How to Take Care of Self

Senator McCarran of Nevada, chairman of the insurance subcommittee of the Senate judiciary committee, announces that within a month he will arrange for a meeting with insurance executives of top rank to discuss the whole question of compliance on the part of the insurance industry with the federal anti-trust laws.

This meeting will be called as soon as McCarran perfects the survey that he is making on the progress that has been made on state insurance regulatory laws. This will bring up to date a similar study that was made last June by his staff. The conference will be held probably early in January, according to McCarran.

Analyze Action by States

Insurance commissioners and insurance industry representatives are being interrogated on what has been done in each state in setting up and implementing insurance regulatory laws since public law 15 was enacted two years ago.

McCarran referred to the address that he made in absentia, at the annual meeting of American Bar Assn. of Cleveland last September, in which he said that Congress is not altogether pleased with what the states have accomplished so far. In his conference with insurance industry leaders, McCarran intends to point out where the states failed to meet the requirements of the moratorium, and what they must yet do to meet them.

"We will try and point out the way the industry can take care of itself," he declared.

McCarran complained of division within the insurance industry. He referred to the split between advocates of the all-industry bill and milder measures, and said beyond that there is also a general failure of a meeting of minds. The fire, life, casualty and other segments of the industry are "all driving in different directions," he said.

Expects Deadline to Stick

McCarran expressed doubt that the moratorium would again be extended beyond June 30. Some observers believe that the movement that McCarran has initiated will be wholesome. It will give the industry an opportunity to convey to members of the judiciary committee in an intimate way, the conception of the problems they face and the industry people may be able to get a closer indication of the way the wind is blowing in Washington, and what is wanted of them. Also, if the judiciary committee takes the reins in its hands and undertakes to guide developments, it is believed that there would be less likelihood of the Department of Justice bringing action that might catch the industry off balance.

Graham A. Walter, Canada Life, Toronto, repeated his talk, "Do You Want to Buy a Horse?" which he gave at the N.A.L.U. Boston meeting, at a luncheon session of Detroit Life Underwriters Assn.

'47 Was Heavy But Constructive Year for Legislation; Other Notable Gains

By CLARENCE C. KLOCKSIN

Legislative Counsel Northwestern Mutual Life

Although national income soared to new heights last year, the margins left for thrift and savings were appreciably narrowed by rising prices and by increasing volume of available consumer goods.

C. C. Klocksin

Competing for a good share of the thrift dollars, the sales forces of American life insurance companies amassed a total production the past year of approximately $23½ billion, which just about equals the record-breaking volume placed in 1946. It is a fair possibility that a new production record will be realized when the final results become available and are tabulated. In any case the fieldmen of life insurance have completed another outstanding year.

Notable additions were made to all principal accounts. The total insurance in force in all companies rose to $190½ billion, a net increase for the year of about $16 billion. The combined assets of all companies at the year end were approximately $51½ billion, a gain of over $3¼ billion. Enrolled new policyholders numbered 1¾ million, making a grand total of about 75 million. Disbursements to beneficiaries and policyholders were over $3 billion of which $1.3 billion represented death claims, the balance consisting of payments to living policyholders. Even in the modern concept of values these figures are breathtaking and represent great forward strides in life insurance operations.

New CSO Table Adopted

Life insurance underwent a major operation during the year by the abandonment of the old mortality tables in policy contracts and substituting therefor the modern CSO table, together with new nonforfeiture and valuation provisions as provided by the so-called Guertin bills, enacted by or effective in practically all states. It is estimated that from now on 96% of all policies written will be on the new mortality table and reserve basis.

Important progress was made by state legislatures in clearing the way for continued regulation of the insurance business by the several states. All lines of insurance have been seriously concerned about the possibility of federal regulation since the United States Supreme Court in June, 1944, held insurance to be interstate commerce.

On still another front the investment departments of the companies grappled with the continuing problem of low interest yields, although indications of an improvement in rates appeared late in the year. New investment outlets were sought and utilized in the corporate field and in commercial real estate.

Heavy Legislative Year

Having made the foregoing general observations, it is in order to report that 44 state legislatures and Congress were in session the past year. From the life insurance standpoint it was a most constructive legislative year. Enactment of the Guertin nonforfeiture and valuation legislation was effected in all of the states that required action, except Oklahoma. Oddly enough Congress failed by a close margin to complete action on Guertin legislation for the District of Columbia. However, its early approval by the Congress seems assured.

The most intense efforts in the legislative sessions were centered on the program of the all-industry and insurance commissioners' committees in order to meet the requirements of U. S. public law 15 which granted insurance a moratorium from the federal anti-trust laws, the Robinson-Patman act and the federal trade commission act. The original moratorium ended Dec. 31, 1947, but Congress before adjournment last summer extended it to June 30, 1948.

ALL-INDUSTRY BILLS

Proposals of the all-industry committee, or bills similar to it, establishing rate-making procedures for fire and marine insurance and for casualty and surety business, have been enacted in all but a handful of states. Efforts will now be concentrated on the few jurisdictions where action is still needed in order to complete the legislative program during the present year.

Fair trade practice bills designed to place on a state level the provisions of the federal trade commission's fair trade practices act were approved in 17 states. The delay in taking up the fair trade bill was mainly due to the absence of full agreement between the all-industry and the commissioners' committees but another reason was that the rating bills were given legislative priority in order to establish as far as possible the immunity of insurance from the anti-trust laws.

A number of states have long had statutes relating to unfair insurance practices such as anti-discrimination, anti-rebating, misrepresentation and fraudulent advertising. It is not unlikely that some of these jurisdictions will conclude that their present statutes are adequate and go as far as are necessary in the circumstances. The conduct of the insurance business itself, and the wise and effective administration of these laws, will be major factors in ultimately determining the adequacy of state regulation in this particular field.

Great Strides Have Been Made

It must be recognized that since the Supreme Court's edict was handed down, great strides have been made in preserving the system of state regulation of insurance, and while the task of the all-industry and insurance commissioners' committees has not been completed there are hopeful signs of its consummation in the near future. It seems fair to say that neither Congress nor the federal agencies concerned are likely to intervene while progress in this direction is being made.

At the same time there appears to be much room for improvement in the efficiency of a number of state insurance departments. This condition has been aggravated by the new laws and regulations that have stemmed from the "commerce" decision. Lack of funds to administer the new provisions is hampering some departments. The situation can be remedied in time and meanwhile it calls for closer cooperation between the public officials entrusted with supervision and the various segments of insurance represented by management.

There are indications that the demand for money is approaching the available supply and that interest rates which have strengthened recently will continue to increase in the period ahead.

Redemptions of corporate securities have about run their course and new issues required by expansion in the public utility and general industrial fields are expected to absorb much of the free money supply. The high grade bonds of such corporations have long been the source of substantial investment for life insurance funds. In recent years a limited amount of well selected preferred stocks, returning a somewhat higher yield, have proved a satisfactory addition to the investment portfolio.

Insurance companies generally increased their mortgage holdings in substantial amounts during the past year. The backlog of residence and commercial construction would indicate that the demands for mortgage money will continue to be strong and with better yields obtainable in this type of investment.

In conformity with legal authority of most jurisdictions, under which a limited amount of their funds can be invested in commercial real estate, life insurance companies have been utilizing this field of investment. Many industrial concerns feel they can better devote their capital to finance increased inventory and operating expenses than to have it frozen in land and buildings. This has been accomplished through the sale of their real estate to insurance companies under long term leases at rentals sufficient to amortize the investment and provide a fair return to the insurance company within the period of the lease.

POLICY LOANS UP

The decreasing policy loan and premium note totals of recent years was halted shortly before mid-year, but the net increase of about $59 million for the year is hardly enough to indicate any definite trend in this connection. The volume of outstanding policy loans and premium notes at the year end was approximately $1,950,000,000.

In a very successful campaign, the veterans' administration, veterans' organizations, and life underwriter associations joined in conserving existing and reinstating lapsed policies of National Service life insurance. Nearly a million of such policies with face value of over $6 billion were reinstated, offsetting approximately the year's terminations. Late in the year the total of such insurance in force stood at about $34 billion.

Officials of the National Assn. of Life Underwriters have suggested that Congress fix a terminal date for the sale of National Service life insurance, after which time any one entering the armed services would not have the right to apply for such insurance unless he can do so because of past military service.

As to new military personnel, the N.A.L.U. has proposed that the government give gratuitous insurance coverage of $10,000 for loss of life or loss of earning power incurred as a result of service, without privilege of conversion, and with termination of such insurance on the serviceman's discharge, unless service connected disabilities prevent him from obtaining insurance from one of the private life insurance companies.

Recommendations by the American Life Convention, the Life Insurance Assn. of America and the National Assn. of Life Underwriters to revise the internal revenue code with respect to the taxation of life insurance proceeds, annuity contracts and pension plans were laid before Congress last summer. It is thought that Congress will give these

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1947 Saw Inflation Blot Out Deflation as Economic Threat

Foster Sees Demand Misgivings Yielding to Supply Capacity Doubts

In his annual economic review for 1947, Stephen M. Foster, economic adviser for New York Life, notes that between the beginning of 1947 and the year's close, a complete reversal in interpretation of the supply-demand situation seems to have taken place. He notes that in the beginning of 1947, though there was universal confidence in the nation's ability to produce, observers were fearful lest certain obstacles cause a curtailment of demand, and bring on a business depression. At the end of 1947 there is almost unlimited confidence in a continuing domestic and foreign demand, but considerable doubt about ability to produce enough goods to achieve economic balance.

STEPHEN M. FOSTER

Mr. Foster observes that the recession which was widely predicted at the beginning of the year did not materialize, and that, except for a momentary halt, the year again established a new high for economic activity for peace time history. At the end of the year, industrial production is up 4% from a year earlier, national income about 7% and employment is at an all-time high. As the cost of living has risen over 8% at the end of the year, the fear of deflation has given way to fear of further inflation.

Earlier in 1947 there was some slackening in the business tempo with a decline in the rate of industrial production of more than 7% between March and July. It seemed that a depression was indeed to begin, but the downward movement was halted by several developments, Mr. Foster comments. Foreign purchases of American products of all kinds expanded to unprecedented peace time proportions with the country's export balance of trade running at over $10 billion per annum in the second quarter. Wage increases were negotiated in April and May in key industries and were so far reaching that they led to higher prices for coal, steel and rail transportation which were reflected in higher prices for consumer goods. Stimulation to a new upward movement of commodity prices was given late in the summer by estimates that the corn crop

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Patterson Calls Savings Vital to World Objectives

NEW YORK — The vital role of savings, along with higher production, in bringing better living standards makes the work of the agent, the savings bank, the building and loan association and all other stimulators of savings more important in 1948 than ever before, said President Alexander E. Patterson of the Mutual Life in a year-end statement. Society's major objectives are world peace and higher standards of living for all people and the latter is dependent on increased thrift and savings and higher production per worker.

Mr. Patterson said that savings by the public should be encouraged by an aggressive government and industry policy to prevent inflation. Savings will meet the need for a large amount of investments to assure increased production per worker. There is now, for instance, less capital in industry per worker than there was in 1929 or 1940. This is because of the war and depression. To restore it to the 1940 level would require an investment of $43 billion and to reach the amount called for and on long-term trend investments totaling $71 billion would be needed.

The shortage of capital in American industry not only restrains the American standard of living but it also curtails our ability to aid the rest of the world and hence weakens the American foreign policy.

Everyone must be sold and re-sold on the American way of life, said Mr. Patterson. He said that this could be done through the combined efforts of the public, industry and government to encourage savings and increased production, thereby giving impetus to the "chain reaction" which culminates in higher living standards.

Life Companies Put $2½ Billion in Mortgages in '47

Life companies put an estimated $2½ billion into mortgages during 1947, the Institute of Life Insurance reports. Holdings rose by nearly $1½ billion to approximately $8½ billion, the greatest volume of mortgage financing ever extended by the life insurance business.

Much was put into veterans administration mortgages for veterans' housing. These exceeded $500 million and, in addition, they provided the mortgage financing for many other veterans' homes. FHA mortgages held by life companies increased during the year to about $1.4 billion. Farm mortgage holdings increased in 1947 to about $850 million. City mortgages other than FHA and VA veteran mortgages totalled an estimated $5,450,000,000, up nearly $600 million in the year.

Total real estate holdings of all types at the year-end were estimated to be $825 million, up nearly $100 million from the holdings a year ago, largely due to investments in income real estate.

Holdings of foreclosed real estate were again reduced, 1947 sales totalling about $70 million and bringing the total down to not much over $100 million.

Hook Is Wichita Speaker

The W. A. Bachman agency of Northwestern National at Wichita had V. A. Hook, manager at Kansas City, as speaker at its annual roundup. The wives were guests at a dinner.

Cigar Firm Borrows $2 Million

D.W.G. Cigar Corp. has borrowed $2 million from Metropolitan Life at 3.25% interest for 15 years. The loan was negotiated by Lehman Bros.

Huebner Says Opportunity Beckons Insurance Teachers

Educational Trend Is Unusual and Irresistible Today

Dr. S. S. Huebner, professor of insurance of University of Pennsylvania, president of American College of Life Underwriters, and chairman of American Institute for Property & Liability Underwriters, in his banquet address at the convention of American Assn. of University Teachers of Insurance, pointed out that by 1940 collegiate survey insurance courses had increased to 157, offered by 143 institutions of higher learning. Special courses in life insurance numbered 99, special courses in property insurance 53, special courses in casualty insurance 28, special courses in property and casualty insurance combined 26, and special courses in life insurance salesmanship 23, a total of 386 collegiate courses as contrasted with 229 only five years previously.

It is estimated that colleges are now [illegible] back to the status prevailing just before the war. The trend seems to be most unusual and irresistible. Moreover, organized C.L.U. study groups, most of them under sole or joint sponsorship of a university or college, numbered 187 during the past year, in 115 cities located in 40 states, and with an enrollment of 4,517, or 2.2 times the total of 1946.

Insurance Institute Survey

Study groups of American Institute for Property & Liability Underwriters—with only five years of operation—totaled 32 during the past year and 48 for the present year. Moreover innumerable educational and training courses have been started within the insurance industry itself. A recent extended survey by Richard deR. Kip for Insurance Institute of America shows that at least 371 courses, exclusive of C.L.U. study groups, are being offered by life insurance companies at present, and 159 courses under the auspices of property and casualty companies.

In view of these figures, Dr. Huebner recommended that the membership of American Assn. of University Teachers of Insurance needs a great enlargement. The 79 active members fall far short of the number who qualify for such membership, and the 64 associate members are short of the large number who are engaged in educational work with private insurance companies, insurance organizations, and C.L.U. and C.P.C.U. study groups. In numbers there is strength and advantage, as well as mutually effective cooperation. Each of the two groups — the university group and the industry group — can help the other with its point of view.

Utility Purpose

Education ought to have a utility purpose and should, in a practical way, be identified with the insurance calling which it serves, just as the practitioners in the calling of insurance should be identified with service to educators. Higher education, judging from the other professions, blazes the way through research, methodology, publication and improved educational methods. But its own progress needs the galvanizing influence of constructive suggestions and criticism from leaders in the industry itself. He suggested that cooperative effort between the teachers association and the industry might be concerned with professional standards and collegiate preparation for insurance

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Companies, Agents Criticize Proposed Pension Regulations

IRB's Suggested Revisions Call for Too Much Detail, It Is Said

A joint memorandum has been filed with the internal revenue bureau by the Life Insurance Assn. and the National Assn. of Life Underwriters in regard to the proposed new regulations on pensions and profit sharing plans under section 29.23 (p) of income tax regulation 111. The proposals were first published in the "Federal Register" Nov. 14 and a 30 day period was granted under the administrative procedure act for interested parties to present any data, views or arguments for or against the proposed changes.

Three general aspects of the proposed regulations deeply concern the life business, according to the memorandum.

First, there are a number of provisions that appear ambiguous or have doubtful significance or reflect an approach different from existing regulations. Second, it is apparent that there is a substantial increase in the information that must be supplied, which will be burdensome and seems unnecessary. Third, a number of the proposed changes impose undesirable rigidities that do not seem to be required under any statutory provision.

Many Details Unnecessary

Although the memorandum recognizes that complete information is necessary properly to administer the law, it feels that many of the details asked for are not necessary in all cases and that each plan should be studied in its own light. The great cost of getting the information together by employers was emphasized.

The commissioner of internal revenue is authorized to waive the filing of information which he deems unnecessary in a particular case. However, the new regulations do not make it clear whether desired relief must be obtained each year or from time to time, the memorandum states. In addition, some of the required information is of a kind for which definite procedures will have to be set up in advance and temporary relief will be of no value whatsoever. The memorandum recommends that the information be limited to what is asked for in the current regulations and that the commissioner's power to call for additional information be utilized where he believes it to be necessary.

Too Little Time for Study

The memorandum notes the length and complexity of the regulations and their great importance to employers and brings out the fact that too little time was given to study properly and file arguments and data. A change of the language used in the regulations was suggested in the memorandum to Commissioner Schoeneman of the Internal Revenue Department, as well as a request for an opportunity to discuss the purpose and effects of the changes.

The regulations affect the deductions that are permissible because of contributions made by an employer to an employes' trust or annuity plan and compensation under a deferred payment plan. Therefore, they are of the utmost importance to the many employers who have established such plans as well as the individual underwriters and consultants who advise and assist the employers and to the insurance companies that insure these plans, the memorandum states. Because life insurance organizations are familiar with the nature and methods of carrying out the plans they are in an excellent position to understand the problems of employers affected by the proposed regulations.

The memorandum states in connection with 29.23 (p)-1 that the present section allows deductible contributions on behalf of an employe not in excess of "the amount necessary to provide a reasonable pension for the employe in view of his past and current services." The proposed amendment seems to use the amount of the contribution for the pension as the governing factor in testing reasonableness, rather than the amount of the pension itself. The "value" of an annuity is dependent upon factors such as the age of the annuitant, the interest and mortality used and has nothing to do with the reasonableness of the pension. The memorandum recommends the present wording be retained as more descriptive of the criterion.

In section 29.23(p)-2(a) and (b) new material that will be required includes special copy of the communication to employes, the dates when the instruments were executed, the date of effective communication to employes and the date when the trust or contract was put into effect so that contributions were irrevocable. There is need for clarification because this section has already been applied by employers seeking advance rulings under section 165(a) of the internal revenue code. Should the proposed section be amended, according to memorandum it would virtually eliminate the possibility of advance rulings. In addition the expression, "date of effective communication to employes", needs clarification. For example, if the plan is announced to employes at differ-

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N. W. Mutual Ups Two Mortgage Men

Northwestern Mutual has appointed A. W. Icke as assistant superintendent of residence loans, and C. C. Slater as loan agent for southeastern Wisconsin.

With Northwestern for 12 years, Mr. Icke has been assistant to the superintendent of residence loans. He specialized in draftsmanship and architectural design at Marquette University. He won awards of the Beaux Arts Institute of design and honors in other prize competitions. Before joining Northwestern he worked as a free lance designer and for several architectural firms.

A. W. Icke C. C. Slater

Mr. Slater joined Northwestern in 1938 with a long experience in real estate and mortgage work, and has been assistant to the manager of city loans. A graduate of Kent College of Law in Chicago, he was with Travelers law department there and with the Albert H. Wetten real estate firm and for a number of years was in charge of the real estate department of Standard Oil of Indiana.

Northwestern's residence portfolio has more than doubled in the last year, and now comprises more than 9,000 loans. City loans and real estate investments have likewise increased, particularly in the territory to be serviced by the new loan agency headed by Mr. Slater, who will be located in the home office building.

Prudential Men Advanced

J. Harold Hartle has been made manager of Prudential at Providence, R. I., succeeding Roland H. Ballou, in charge of the agency since 1933, who has asked to be relieved of direct managerial responsibilities. Mr. Ballou will continue as associate manager. Mr. Hartle has been assistant manager at Providence and formerly was at Hartford and New York City. In 1939 he led the company in ordinary business.

Prudential has opened an office at Waterbury, Conn., as a branch of the Hartford agency, with Paul T. Reusch as assistant manager in charge. He was formerly an agent and assistant district manager there.

Robert B. Fain, agent at Birmingham, Ala., for Prudential, has been promoted to assistant manager in charge of the Montgomery office.

Paul K. Justus, a vice-president of General American Life, has been elected a trustee of Park College, Parkville, Mo.

OK Anti-Monopoly Law for N. Y. to Bolster State Rule

NEW YORK—Charles G. Taylor, Jr., executive vice-president of Metropolitan Life, is the only representative of the life business to appear so far before the joint committee of the New York legislature that is studying possible changes in the state insurance law.

The life business favors enactment of whatever state legislation will preserve state supervision of the business and "leave no basis for any proposals respecting federal supervision of insurance," Mr. Taylor said. His appearance was on behalf of the joint legislative committee of the Life Insurance Assn. of America and American Life Convention.

Urges Fair Practices Bill

The life business seeks no exemption from the provisions of the Sherman anti-trust law or any state anti-trust law, he said. The life companies cooperated in the development of the all-industry committee program, in which was embodied a model fair trade practices bill. This has had the support of the life business. It was felt by the all-industry committee that a provision relative to boycott, coercion, and intimidation in the fair trade practices act would empower the states to act with sufficient authority in an area otherwise covered only by the Sherman anti-trust law, he added.

"We hope that legislation to effect this purpose will be recommended by this committee and be passed at the forthcoming session of the New York legislature," he said. "It is our desire to cooperate with other branches of the business, the insurance department, and the legislature, in the consideration of whatever fair trade practices or anti-monopoly legislation is necessary to enable the state adequately to regulate and supervise the insurance business."

The fire insurance people have opposed an anti-monopoly bill on the ground it is unnecessary.

Crowell Editor, Publisher of "Insurance Field"

Fred C. Crowell, Jr., editor and vice-president of the "Insurance Field," has been named editor and publisher in charge of all operations of the publishing division of the Insurance Field Co.

Robert G. Griffin, general manager and treasurer of the Insurance Field, has been promoted to the newly created post of executive administrator of the Field's companion company, including the manufacturing division of the Field. The position of general manager has been abandoned and duties will be absorbed by the publisher.

Mr. Crowell joined the Field in 1938 as sales editor, previously having been with "Insurance Magazine" of Kansas City, Mo. He was named editor in 1942 and elected a vice-president two years later.

Mr. Griffin has been with the Field for 10 years. He will continue as treasurer of the Insurance Field Co.

GROUP AT N.A.I.C. MEETING AT MIAMI BEACH

W. L. Vogler, executive vice-president of American National; A. N. Guertin, actuary American Life Convention and George Butler, life insurance commissioner of Texas.

Sees Shifting from Equity Financing to Get Life Money

NEW YORK — The relative ease with which funds of life companies can be tapped through the debt route, compared with the very great difficulty of tapping them through any other route, may put pressure on some industries to sell bonds when preferred or common stocks would be more suitable, said F. J. McDiarmid, 2nd vice-president of Lincoln National Life, in his talk at the meeting here of the American Statistical Assn.

Pointing out that bond-selling has not been the traditional way for most branches of American industry to raise capital, he said that only a few—the most important being steel, rubber, meat-packing, and tobacco—have raised any appreciable part of their capital through the sale of bonds. On the other hand, some leading divisions of industry—including chemicals, electrical manufacturing, and many others—have financed largely through equities. A good many types of industry, because of the relative irregularity of their earnings, would probably be well advised to avoid the use of contractual obligations for raising capital if at all possible, he said.

Reached Limit on Preferred

Mr. McDiarmid said a factor in influencing industries toward debt rather than equity financing is that so many life companies, after a period of buying preferred stocks, have now about reached their limits. Stocks, preferred as well as common, must be carried at their market values and this tends to limit equity investments to a low percentage of assets because of the possible effect on a company's surplus in a serious decline in stock market prices.

Discussing the investment outlet picture, Mr. McDiarmid said fears about a shortage of investments and lowered interest rates are for the time being, at least, somewhat abated. He has gained the impression, he said, that utilities will make additions to their plants in the five years beginning with 1947 which will cost about half as much as the cost of their existing plants. A. T. & T. is engaged in a construction and financing program that will add about 40% to its recent capitalization figure. Many manufacturing and mercantile concerns have suddenly realized a severe need for a lot of new money. They need it so badly they are not in too good a position to argue about terms.

Can Be Choosy on Mortgages

The recent demand for mortgage money, spurred on by high real estate prices, has been particularly great. Some mortgages which were eagerly sought for a year ago now go begging. Some life companies have found themselves overly committed in their mortgage acquisitions and have practically withdrawn from the field. Apparently, what we are witnessing is a sharp rise in the demand for investment capital, coupled with a continued decline in savings, he said.

In any case, the interest on high grade long term bonds has increased by over 1/2% in the last 1 1/2 years, and the trend is upward, he said. It currently appears that there will be a very large supply of such bonds sold for new money purposes over the next few years. Also, a yield of 3%, which looked pretty bad to the institutional investor on the downside, now looks pretty good going up. With greener pastures available in their traditional investment fields, there is a greatly lessened incentive for life companies to seek new investment channels.

Though life companies in recent years have largely disposed of their tax-exempt municipal bonds, they are buying on a small scale because of the sharply higher yields.

W. L. Dugger Moves to San Antonio

W. L. Dugger, executive vice-president of Franklin Life, will leave the home office staff to make his home in Texas. Because of a heart condition suffered since July, 1946, it has been necessary for Mr. Dugger to curtail his strenuous duties as top agency executive. He will continue with the company in San Antonio, where he will direct as agency vice-president, the Franklin's activities in Texas.

W. L. Dugger

Mr. Dugger became associated with President Charles E. Becker in 1930. His organizational capacity and personal popularity have played a large part in the phenomenal growth of the Franklin. His success was recognized by the directors when in February, 1946, they elected him executive vice-president.

Having operated in Texas since 1898, Franklin has widespread agency and investment interests there. Mr. Dugger will have charge of agency development and policyholders relations. Members of the agency department honored Mr. Dugger at a party before he left Springfield. President Becker and J. V. Whaley, vice-president and director of agencies, paid tribute to Mr. Dugger's record of achievement and presented him a gold pen, a gift from the home office agency staff.

"Weekly Underwriter" Makes Personnel Changes

NEW YORK—The "Weekly Underwriter" announces several changes and promotions.

Col. Frank Simpson, statistician, who has been with the company since 1925, and was editor of Fire Insurance by States from that date until the sale of that publication to the Spectator Co. several years ago, retires.

Donald E. Wolff, who has been advertising manager, becomes assistant to the president. Mr. Wolff joined the "Weekly Underwriter" in 1945, as cashier, and was advanced last year to advertising manager, succeeding Anthony W. Fitzgerald, who then became assistant editor of the legislative information bureau of which Edgar M. Ackerman is editor. Mr. Wolff will now relieve President L. A. Mack of many details of administration, and will take over Mr. Simpson's duties as purchasing agent and analyst.

John Nichols becomes advertising manager, succeeding Mr. Wolff. Mr. Nichols followed Mr. Wolff as cashier a year ago.

John Dubianski becomes cashier in place of Mr. Nichols.

Mildred J. Smith, who has been assistant in the legislative information bureau, becomes editor of the Insurance Almanac, succeeding the late John D. Hogshead.

Miss Helen Filmanski, who has been receptionist, succeeds Miss Smith in the legislative department.

Miss Virginia C. Parsons of Indianapolis becomes art editor.

Women members of the Eagles Club, a social organization of **Ohio National Life,** gave many of their pre-Christmas leisure hours towards assembling the materials which went into the making of doll clothes. Approximately 75 dolls were dressed and presented to the Children's Home in Cincinnati as Christmas gifts for the younger girls. The boys received sports equipment and practical toys from the men.

Non-Governmental Medical Care Treated in Symposium

The most significant aspect of group hospitalization and medical care coverage on a voluntary as opposed to a compulsory basis is the acceptance of individual risks without evidence of insurability, Albert Pike, Jr., actuary Life Insurance Assn. of America, said in his talk at the symposium on non-governmental medical care programs at the meeting of American Assn. of University Teachers of Insurance at Chicago. Such acceptance is wholly different from issuance of nonmedical insurance in the individual policy field, he pointed out. The averaging of a poor individual risk with a good one steals a good bit of thunder from social security proposals. Yet as compared with the average social security proposals, except perhaps for unemployment compensation, group insurance maintains through experience rating procedures an allocation of costs whereby the more healthy industries are not required to subsidize the less healthy ones. This introduces an element of control of costs which is lacking in social security.

Mr. Pike said there is reason to be proud of the accomplishment so far in the group hospitalization expense field. There is a large and growing volume of coverage and total expenses of operation are low. Policy forms are comparatively free of restrictions, while relations with competitors in the non-profit field are good.

Medical, Surgical Care Problems

In the medical and surgical fields there are more difficult problems. Total coverage is probably no more than a third of that for hospitalization, and non-surgical medical insurance is insignificant. Along that line, Mr. Pike emphasized that several technical problems must be solved, one of the most important arising from the practice of doctors charging moderate income families larger fees than those of lesser income.

It is obvious, he remarked, that receipt of a claim payment from an insurance company temporarily increases the ability to pay, and at the very time when the doctor's bill is being rendered. While it cannot be stated that many doctors would consciously increase their fees because of claim money availability, it is still possible that the customary reduction from a standard scales for those in lower income brackets may not be made. If this occurs on an appreciable scale, group medical and surgical care coverages will result in a net increase rather than a decrease in the total cost of medical care. This is the prediction made for compulsory health plans, he observed.

Mr. Pike cited the plan of the Rhode Island Medical Society as a possible answer to this problem. This plan covers only the surgical care field, but could be extended for general medical care. It goes into operation Jan. 1.

Mr. Pike explained the basis of the plan is an agreement by the doctors to accept indemnities tendered through insurance claim payments, graded on gross income, on the basis of the insurance schedule. It presently covers only lower income groups, and Mr. Pike observed that in time it should be extended for middle income brackets as well, as they are the ones who are pressing for compulsory insurance.

Ketchum on Non-Profit Plans

Jay C. Ketchum, executive vice-president of Michigan Medical Service, discussing non-profit medical and hospital plans, said that considering their untried field of operation, the success they have achieved may reasonably be called miraculous.

A number of commercial companies have a real desire to do everything possible, even at some considerable financial risk, but Mr. Ketchum said that plans to gain cooperation between companies have been stymied by unwillingness or inability of a few.

Mr. Ketchum said that the suggestion has been advanced that companies pool their efforts in underwriting hospitalization and medical, with a waiver or reduction in commission together with uniformly liberalized claim policies. If such a plan could be arranged, he said that the medical profession in the hospitals would be glad to surrender their activities in the field.

LISTS LIMITATIONS

Limitations and strong points of voluntary health plans were discussed by W. R. Williamson, president of the New York actuarial firm of Wyatt Company and former head actuary of the social security board. Mr. Williamson remarked that more money should be budgeted for medical care and then listed restrictions against the value of such budgeting.

He suggested first that there be a more comprehensive form of medical insurance. There are presently separate provisions for hospitalization, surgical fees, doctors' bills, drugs, etc., whereas most other large expenses are packaged and there is only one annual premium payment.

There is a gap in health plans that does not take into account catastrophe losses, Mr. Williamson said, and he suggested some sort of a deductible after the line of automobile insurance.

Exclusions in underwriting often lead to misunderstanding, he said. Because the aged are usually excluded, a plan may produce initially a favorable selection which will later wear off and thus start with a misleading appearance of low cost. Further that plan will leave out of the program the very situation for which it has been devised.

Another obstacle is the lack of expected payments to low wage groups. He noted that the vogue of charging premiums as a percent of wage is probably explained by the bargain to a low wage group and unwillingness to indicate the higher charge against a higher paid group. An annual medical cost of $100 against the $2,500 average annual income can be stated as 4% and avoids such awkward ratios as 20% of $500 income, 10% of a $1,000 income and 1% of $10,000. Yet when uniform charges are made, the low wage group loses out.

On the credit side, Mr. Williamson emphasized that voluntary programs are an evolutionary growth and are another in a series of coverages which include ordinary life, workmen's compensation, automobile liability and others.

The three commentators all came out strongly for private enterprise over government plans. Dr. Elizabeth Wilson, Cambridge, Mass., said that bureaucracy and lack of competition ruined European plans, citing among other things the strike of doctors in Germany before 1930. She said private plans can and must be made to work and it is most essential that the medical and insurance interests listen to and work with each other to avoid injustices and stalemates.

Frank Lang, research manager Assn. of Casualty & Surety Executives, pointed out that, despite the publicity given government plans, private plans have grown at an amazing rate and there is every reason to be optimistic about them. Prof. E. A. Gaumnitz, University of Wisconsin, said it is important to keep in mind what is the primary objective. He asked whether it is improving doctor's collections, building more hospitals or enabling the average person to budget his expense. The average man, he said, is interested in the latter only and that should be emphasized. He added that the worst public relations obstacle the insurance business has to overcome is the type of accident policy advertised on match covers and over the radio, often in states where the company is not admitted.

The properties of national income spent for medical purposes since 1940 has declined, and services have increased, Frank G. Dickinson, economist and statistician of American Medical Assn., said in his talk.

Mr. Dickinson was well fortified with statistics. He spoke at the session on non-governmental medical programs and covered fully his subject of medical costs.

Reach Accord with N. Y. Banks on SBLI

NEW YORK—Committees of life company executives, representatives of the New York State Assn. of Life Underwriters, and of officials of savings banks which write life insurance in New York state have reached an understanding on legislation to be introduced in the 1948 New York legislature to increase the limits on savings bank coverage from $3,000 to $5,000, to eliminate the requirement that savings banks reinsure all business over $1,000 with other savings banks issuing life insurance, and making the general insurance laws applicable to savings banks life insurance departments as far as possible with the exception of investments, which come under the state banking department.

This was announced at a press conference held by President Leroy A. Lincoln of Metropolitan Life and President Robert M. Catharine of the Dollar Savings Bank, at the Life Insurance Assn. of America headquarters.

Mr. Lincoln made it clear that the life companies do not oppose an increase in the amount of life insurance that savings bank can write, provided that type of business is subject to the same laws and regulations as apply to life companies. He indicated that he thought this was the sentiment not only to companies but of the average agent of the state as well. Legislation to be proposed also would set up qualifications and require certification of employes in savings banks as well as offices of life companies, other than company agents presently licensed, who are engaged in selling life insurance.

Banks Modified Advertising

It was brought out that savings banks have altered their advertising in the past year to eliminate most of the criticism that life agents had of it, particularly the type that called attention to the fact that "no agent will call" and that the whole assets of savings banks were back of the life insurance issued by them. Mr. Catharine pointed out that the limitation of $5,000 is a suggestion of the banking department.

Legislation to be proposed would subject savings bank life insurance to examination by the insurance department and would clarify the point that the insurance law regarding false advertising and misleading statements applies to savings bank life insurance departments as well as to life companies.

Believes All Will Agree

Mr. Lincoln said the agreement commits no one to anything and that the committees acted informally but that their principals were kept informed of developments as they went along. It was suggested that the insurance and banking department and the savings banks would undoubtedly support the legislation when introduced and that life companies and agents would not oppose it.

On the life company committee in addition to Mr. Lincoln were James A. Fulton, president of Home Life, and Bruce E. Shepherd, Life Insurance Assn.; and for the agents, D. B. Fluegelman, Northwestern Mutual, E. R. Gettings and S. L. McCarthy. Julius Sackmanu of the New York department participated in the conferences.

Canada Life Names Meeker-Magner in Chicago

Canada Life has appointed the Meeker-Magner Co. general insurance agency of Chicago as general agent there and for Illinois. The agency has opened a full-time life department with C. A. Fargo as manager.

C. A. Fargo

He is a life agent and agency executive of long experience who started in the business at St. Louis with the old Missouri State Life, being in supervisory work in the accident and health department and doing much traveling. He went to Chicago in 1930 as assistant manager for Missouri State; from 1935 to 1941 he was an agent there with Aetna Life, and then went with Occidental Life as assistant manager of the brokerage department. The next year he was advanced to brokerage manager. In 1945, Mr. Fargo joined the Parsons agency of Mutual Benefit in Chicago as assistant to the general manager handling service work, especially in connection with pension trusts and corporation insurance, fields in which he is experienced. He also more recently was brokerage manager for the Hunken agency of Connecticut Mutual Life in Chicago. For some time he has been in charge of accident and health and life business with Meeker-Magner.

The Meeker-Magner agency was founded in 1902 by Charles W. Meeker and Thomas J. Magner. The widow of the latter now is president and her sons, R. T. Magner and T. Gerald Magner are in executive charge.

Canada's '47 Life Sales $1.45 Billion

Estimated 1947 total sales of life insurance in Canada are about $1,450,000,000, slightly higher than 1946 and nearly 45% greater than the previous record, said W. M. Anderson, president of the Canadian Life Officers Assn., in a year-end statement. Group production for 1947 will probably be found to have exceeded 1946 by 35%.

Insurance in force in Canada reached an estimated total of more than $12 billion, an increase of more than 10% after allowing for the effect of the year's new business and deducting claims and other terminations. He estimated that more than $180 million was paid in Canada in 1947 to policyholders and beneficiaries, more than in almost any previous year. At the end of 1947 assets of Canadian life companies were about $3.9 billion, up more than 6%.

Big City Writings Up in November

All the leading cities showed an increase in ordinary sales for November, according to L.I.A.M.A. Greatest increase was shown by Cleveland with 30% as compared to November a year ago. Detroit had 20%, Boston 16%, Philadelphia 15%, Chicago and St. Louis 14%, Los Angeles 11% and New York City 7%.

These large gains were still not sufficient to boost any city into the black for the 11 month period, although Detroit was only —2% and Los Angeles —3%, Boston —4%, Chicago and St. Louis —5%, Cleveland —6%, Philadelphia —10% and New York —13%.

Among the states for November, South Dakota sales led in increase with 36%, West Virginia had 29% and North Dakota 27%. For the first 11 months Neveda led with an increase of 20% with South Dakota showed 18%. Most states showed an increase for November. Increases for the first 11 months have been registered also by California 2%, Idaho 7%, Montana 7%, New Mexico 3%, North Dakota 5%, Oregon 8%, South Dakota 18%, Vermont 2%, Wisconsin 2%, Wyoming 12%.

Inflation Curb May Halt '48 Sales Sag, Says ALC President

Life insurance sales, which were slightly lower in 1947 than in the record year of 1946, may show a further reduction in 1948 but if current efforts to halt inflation are successful soon enough the sales rate may turn up toward the latter part of the year, said R. B. Richardson, president of the American Life Convention, in a year-end statement.

Mr. Richardson, who is head of Western Life of Montana, said that while life insurance sales records, as such are not in themselves important other than to the companies making them, an end to inflation and a consequent greater ability on the public's part to make adequate provision for their own and their families' futures would be a development of the greatest importance. He said that currently many people who would normally wish to add to their life insurance may find that their incomes are not keeping pace with living costs and that their opportunities for saving have been proportionately reduced.

Invite N.A.L.U. to Los Angeles in '49

LOS ANGELES—Life Underwriters Assn. of Los Angeles has extended an invitation to National Assn. of Life Underwriters to hold its 1949 convention in Los Angeles. Life insurance Managers Assn. joined in the invitation.

Los Angeles had invited the National association to come here for the 1948 convention, but because of the inability to secure hotel accommodations and suitable space for convention meetings, the invitation was laid aside. Now the necessary accommodations have been assured for 1949 and the invitation has been renewed.

Ansley Joins Gygli Agency

Robert P. Gygli, Berkshire Life general agent in Cleveland, has named Frank M. Ansley production manager.

F. M. Ansley

Mr. Ansley is president of the Life Supervisors Club of Cleveland and treasurer of the C.L.U. chapter. He has been supervisor for G. B. Chapman & Co., Aetna general agents. His initial experience in the business was with the Cleveland agency of the Massachusetts Mutual for 6 years. He was with Guardian Trust Company prior to that.

New Edition of "Prominent Life Underwriters" Issued

With twice as many sketches as in the first one, published in 1946, "Prominent Life Underwriters of America," 1947-49 edition, is ready for distribution. The volume, containing biographies of 1,200 life agents who paid for at least $250,000 in the past year, and 20 complete listings of state and local round tables plus the Million Dollar and Women's Quarter Million Dollar Round Tables, is published annually by Charles D. Spencer & Associates, 166 West Jackson boulevard, Chicago.

NEW YORK

MANAGERS NOMINATE

Nominees for officers, directors and committee members were offered last week to the members of the Life Managers Assn. of New York City by the nominating committee. The election will take place the latter part of January.

Those nominated are: President, S. Samuel Wolfson, Berkshire Life; vice-president, Harris L. Wofford, Prudential; secretary-treasurer, Louis Sechtman, Aetna Life; directors, J. M. Eisendrath, Guardian Life; T. M. Foley, State Mutual Life; A. J. Johannsen, Northwestern Mutual; J. M. Fraser, Connecticut Mutual; A. G. Correll, New England Mutual; J. H. Evans, Home Life; H. D. Josephson, Mutual Benefit, and T. L. O'Hara, Metropolitan. Committee chairman nominations are Henry Kuesel, Phoenix Mutual, planning; O. A. Krebs, Aetna Life, business practices; Mr. Johannsen, law and legislation, and W. H. King, New England Mutual, membership.

PARTY FOR CHILD PATIENTS

Fifty agents and office personnel of the Miner (New York City) agency of Equitable Society dispensed with their traditional office festivities and instead held a Christmas party for the children patients of the Hospital for Special Surgery — complete with Santa Claus, a magic show, and carol singing. Vash Young, agent and author, functioned as Santa Claus and dispensed several gifts to each of the children, many of whom have been patients at the hospital most of their lives, and who come from all parts of the world. Mr. Young expressed the hope that the idea of giving such parties for hospitalized children might be widely adopted in place of the customary office affairs at Christmas time.

Tucker Joins Bramson

Col. Lee H. Tucker, insurance officer for the Cleveland regional office of veterans administration, has resigned to join Leo Bramson, Cleveland, general agent of Continental Assurance. He will head the life department of the agency.

EDITORIAL COMMENT

A Significant New Year's Day

The beginning of this new year, for many life insurance men, at least, means something more than a headache, a holiday, and remembering to write "48" instead of "47" when making out checks. So many companies are shifting over to the CSO basis, or have recently done so, and are greeting the new year with a completely revamped line of policies, that the passing of the Jan. 1 mark is really the start of a new era.

In bringing out the new policies the companies took occasion to incorporate many changes that they have had in mind for some time but which by themselves would have involved a prohibitive amount of tinkering to work into existing policy forms. The intensive interest that has been generated in public relations in the last decade has helped in the revisions. For example, many companies are eliminating their former practice of deducting unpaid fractional premiums from death claims.

The companies are not giving away anything but the insured has the satisfaction of knowing that the face amount will be paid in full, while beneficiaries will not have the additional grief of finding the insurance they had counted on was subject to unexpected shrinkage. Some companies are even going so far as to refund "unearned" annual premiums on a monthly pro-rata basis.

For those who are at all adaptable the new policies should prove stimulating and highly saleable. Companies have introduced many features that make good talking points, though they are more than just talking points. Furthermore, the experience of companies running up big sales records prior to the change should prove that it is the activity and determination of the agency force, rather than what they have to sell, that is important. The policies that they sold were the same that were in stock many months. It was the imminence of the deadline that stimulated the agents to put over the sales.

Experience has shown that the new policies' lower option guarantees and higher gross premiums have little effect on prospects. Also with practically all companies now having made the change their competitive positions on fundamentals are closer together than before the changes. At the same time, so much varied ingenuity has gone into making the new contracts attractive that there should be plenty of basis for healthy competition.

For the investment and actuarial departments, too, the year opens auspiciously. Interest rates, the continued low level of which was the main cause of shifting to lower reserve assumptions, have finally turned upward and it looks like the beginning of a trend in the right direction, though it will be several years before life companies can hope to feel much of the effects from this development.

All in all, it looks like a good year for the life insurance business.

PERSONAL SIDE OF THE BUSINESS

R. M. Sangster, comptroller of Northern Life of Canada, has celebrated his 30th anniversary with the company. After five years as an agent he joined Northern Life as agency cashier at Calgary. Subsequently he went to the home office where he has had charge of a number of departments at different times. At the Christmas party G. W. Geddes, general manager, presented Mr. Sangster a bond on behalf of the company.

John Henry Russell, donor of the John Newton Russell trophy, awarded annually by N.A.L.U., and his bride, the former Miss Beatrice Chapman, have returned to Los Angeles after a honeymoon spent in Mexico and Central America. Mrs. Russell formerly was on the secretarial staff of Pacific Mutual Life and at the time of her marriage was one of the executive secretaries of Union Oil Co.

Austin Thayer, Prudential manager at Seattle, has completed 25 years with the company. He joined Prudential in Minneapolis in 1923 and in 1928 became manager of the Olympian agency in Seattle. In 1933 this agency was merged with the Seattle agency and Mr. Thayer took charge.

Arthur L. Beck, general agent of the National Life of Vermont at Buffalo, has arranged and will act as moderator of a series of discussions on family finance as part of the adult education program at Amherst Central High School, Snyder, N. Y.

J. O. Barnett, Amicable Life, Yoakum, Tex., manager of a district including 11 counties in south central Texas, has completed 30 years with that company. He entered life insurance on a part-time basis while a railway mail clerk. In 1921 he was appointed district manager. He is a charter member of the company's $100,000 Club and has consistently been one of its leading producers while developing an agency.

Elwood T. Starbuck, general agent of Provident Mutual Life at San Francisco, served as field judge in Shrine East-West football game Jan. 1. An alumnus of University of Chicago, Mr. Starbuck has officiated in many Pacific Coast major collegiate games.

Harry W. Stanley, Wichita general-agent of the Equitable Life of Iowa, has returned to his office following surgical treatment at Philadelphia.

William E. Wulk of the A. C. Meyer agency of Old Line Life at Antigo, Wis., has completed consecutive weekly production for nine years in life, following three years previously in the App-A-Week Club for life, accident and health. In the past nine years Mr. Wulk has written 701 applications for about $1,350,000 of life insurance.

DEATHS

Hugh E. Rumsey, 80, life insurance broker at Des Moines for many years, died after a two-year illness. He went to Des Moines from St. Louis in the early 1890's and entered the insurance business with his brother, Charles H. Rumsey. He operated alone since 1918.

George E. Beers, 82, New Haven lawyer, father of Henry S. Beers, vice-president of Aetna Life, died suddenly. He was an authority on workmen's compensation laws.

Radcliffe Denniston, 71, a leading producer of Old Line Life in the H. R. Buckman agency, Milwaukee, died there after an illness of eight weeks.

George E. Stailey, 81, veteran agent and father of V. O. Stailey, manager of the Denver agency of Bankers Life of Iowa, died at his Denver home. Mr. Stailey signed his first Bankers Life contract in 1923.

Adolph C. Nelson, formerly general agent for Central Life at Madison, Wis., from 1928 until 1930, when he was transferred to Fresno, Cal., to open an agency for that company, was killed in an automombile accident at Arcadia, Cal. In recent years he was with the U. S. forest service.

N. Y. Bar Assn. Recommends Tax Law Changes

WASHINGTON—A series of recommendations for amendment of federal income, estate and gift tax laws, in their application to life insurance, pension trusts, annuities, pension plans, social security or related matters has been recently submitted to the House ways and means comittee by a committee representing the New York City Bar Assn.

Among the income tax law changes suggested were:

1. Section 165 of the code should be amended to exclude from the employe's gross income any compensation attributable to the payment by an employer of the cost of life insurance provided under a pension trust plan which meets the requirements of the section.

2. Amendment of the pension plan provisions of section 165 to extend pension plan and other social security coverage for taxpayers not covered by existing law, including individual proprietors and members of partnerships.

3. The Treasury and joint committee on internal revenue taxation should consider feasibility of an amendment to allow deduction of up to 15% of the taxpayer's earned net income, but not more than $10,000, set aside by him and invested in low-interest-bearing government bonds, as old age security.

4. Amendment of the code, section 23(a) to allow deduction for cost of insurance taken out against any losses allowable as deductions under section 23(e) (3).

Changes in the estate and gift tax laws recommended by the bar association committee included:

1. Exemption of life insurance not owned by a decedent from the estate tax. This would involve changing section 811 (g) of the code to provide that life insurance shall not be included in the gross estate if decedent at the time of death had no incident of ownership in the policy. The irrevocable designation of a beneficiary should be treated as an irrevocable transfer of the policy, the committee said.

2. If section 811 (g) is not amended as suggested, the committee said the gift tax should be amended to exempt gifts of policies on the life of the donor and subsequent premium payments thereon.

3. The code should be amended to provide that no gift or estate tax liability shall arise from the possession or exercise of any power given to an employe under a qualified pension plan to designate another beneficiary in the event of his death.

Among tax administrative changes recommended was a regulation by the internal revenue commissioner that annual information required by Regulations 111 shall constitute the only return required of pension or profit-sharing trusts. Also that Form 990 shall constitute the only return required by an organization claiming tax exemption under section 101, so long as it has a qualifying ruling from the commissioner under section 165 of the code. The regulation would also require or permit the filing of annual information in some form, and with the same effect, by all organizations having such rulings.

Record Low Death Rate Indicated

Estimates indicate that the policyholder death rate reached a new low in 1947, according to the Institute of Life Insurance. New high death-rate records were set in the two leading causes of death, heart disease and cancer, but policyholder deaths from influenza and pneumonia, tuberculosis and children's diseases dropped to a record low rate.

Both children's diseases and the influenza and pneumonia classification showed 1947 death-rates at about one-half those of prewar years. Heart disease and cancer combined represented one-half of the year's death toll.

Accident death-rates appear to have decreased slightly during the year but motor vehicle death-rates in 1947 accounted for about one-third of the total.

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CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2704. O. E. Schwartz, Associate Manager. A. J. Wheeler, Special Representative. L. N. Yellowlees, Advertising Manager.

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DALLAS 1, TEXAS — 802 Wilson Bldg., Tel. Central 5833. Fred B. Humphrey, Southwestern Manager.

DES MOINES 12, IOWA—3333 Grand Ave., Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH. — 219 Transportation Bldg. Tel. Cherry 2826. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg. Tel. Main 5417. R. W. Landstrom, Resident Manager.

NEW YORK 7, N. Y.—99 John St., Room 1103, Tel. Beekman 3-3958. **Editorial Dept.**—Eastern Editor: Kenneth O. Force; Assistant Editors: Harry T. Jones and Donald J. Reap. **Business Dept.** — Ralph E. Richman, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127. Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. EXbrook 2-3054. F. W. Bland, Pacific Coast Manager. Guy C. Macdonald, Pacific Coast Editor.

Fitzgerald Heads Insurance Teachers

(CONTINUED FROM PAGE 1)

Hedges reported, of whom about 70 are active. Mr. Irwin's committee was continued, with the expectation of conducting a mail campaign for members in both classes. Dues were increased to $5 per year. A special committee to consider expanding the association's annual "Journal" into more frequent publication will be appointed by President Fitzgerald.

NO WRIGHT AWARD

The association did not award the Elizur Wright prize, for the best insurance writing of the year. Past President F. G. Dickinson, American Medical Assn., announced that the vote indicated no writing during 1947 worth the award.

The program was built around two popular subjects, insurance company training programs, both life and property, in the morning, and medical and hospital care plans in the afternoon. Dr. S. S. Heubner, University of Pennsylvania, first president of the association, was the featured speaker at the dinner.

Explains Training Program

Harold W. Gardiner, educational director of Northwestern Mutual Life, told of the training program his company uses.

Life underwriting as a career shows up well in most comparisons with other career lines, he remarked. The criticism applied to life insurance that it has an unusually large turnover is not sound because the life underwriter, by the nature of his activities, makes his entrance or exit from the business more prominently than persons in other industries. Mr. Gardiner observed that his company places a substantial weight on the college education as an aid in a life insurance career.

He said the industry may have overemphasized the idea of attracting men into the business by means of a guaranteed salary during the early months. Observations by his company showed that there is little difference in the recruiting work. There is a willingness on part of young men to pay a price for a future success and that characteristic seems to be especially true of those who have the greatest flare for life insurance selling.

Designed to Lead to C.L.U.

The Northwestern Mutual training program is designed in five steps leading finally into preparation for C.L.U., he explained. It is primarily the job of the general agent to carry it through with the cooperation of the home office. The entire plan is voluntary, but 95% of new agents participate.

The first phase is a two week course with the general agent in introduction to the business, followed by a 13 week reporting program whereunder the agent tells the home office his progress and receives comments and pointers. This is followed by an intermediate course of book study combined with field work. Then follows the Northwestern Mutual career school, a two week course at the home office.

After a man has been with the company for two years, he may take the advance course consisting mostly of home study work. This is tied up with preparation for the C.L.U. degree, and Mr. Gardiner said it has been successful in creating interest in that movement. Northwestern Mutual has more than 200 C.L.U.'s.

Mr. Irwin praised both Mr. Gardiner and Northwestern Mutual's program highly, calling the latter the best in the country for a company of that type. He pointed out that the exact circumstances of a company must be considered in planning a program. Northwestern Mutual, for example, is a general agency company and does not write industrial insurance. Either consideration might warrant an entirely different training program. He also said that "training the trainers" is absolutely essential in such a program and said that Mr. Gardiner and his company deserve as much credit for this as for any other part of the work. It is also important, he added, to remember that these programs are valuable in developing executive material for the company.

Dr. Hedges made the point that insurance education is now in the midst of an unprecedented bulge, due largely to government money. This applies both to college courses and to company programs. Educators should remember that, after this support is exhausted, the programs will be continued only to the extent that they accomplish their objectives. Now is the time, he said, for company educators and college personnel to determine what they want and to coorodinate their activities for the sake of a sound future.

DEATHS

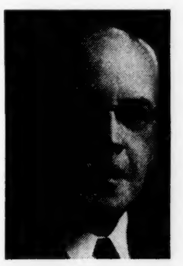
F. B. Humphrey of National Underwriter Dies at Dallas

Frederick B. Humphrey, southwestern manager of THE NATIONAL UNDERWRITER Company, died of a heart attack at Dallas at the age of 69. He suffered a stroke last February at San Antonio from which he recovered after two months of inactivity but early in November was ordered to be inactive for a period of six weeks or longer. He appeared to be recovering steadily during recent weeks.

It was a tribute to Mr. Humphrey that his pallbearers were his six active insurance publishing competitors in Texas, Don Coates, "Insurance Graphic"; Hugh Farrell, "Insurance Field"; Robert Biegen of "Best's Insurance News"; Donald J. Robertson, "Rough Notes"; John C. Leissler and John A. Puckette, "Insurance Record." Mr. Humphrey was born in Elmira, N. Y., and graduated from Cornell with a law degree in 1904. He spent a short time with the National Cash Register Co., following which he was for many years with the Spectator Company before resigning to represent the business department of THE NATIONAL UNDERWRITER in the southwest with headquarters at Dallas. He was one of the most widely known insurance journalists in the country and enjoyed an exceptionally high standing among those with whom he transacted business. He was a consistent producer and a recognized success in the business end of insurance publishing.

President J. B. Baker of Maccabees Dies

Joseph B. Baker, president of Maccabees, Detroit fraternal society, died Christmas day. Some months ago he suffered a stroke and was away from his desk for a considerable time but recuperated so that he again had become active and was able to preside as president at the annual meeting in Detroit of the National Fraternal Congress presidents section in September.



Joseph B. Baker

He was born at Port Huron, Mich., in 1878 and entered the service of Maccabees at the age of 14 as an office boy. Successively he became a field representative, office manager, auditor, manager of the Maccabees building and then for quite a number of years was great commander of Michigan, a post similar to state manager in old line life companies.

Mr. Baker was elected supreme record keeper (secretary) in 1943 and supreme commander in 1944. Then in 1946 the title was changed to president.

He was past president Michigan Fraternal Congress, was a member of the N.F.C. executive committee 1944-1946, and at his death was chairman of its committee on state of the order and statistics.

Services were held Monday in Detroit. Mr. Baker's widow survives.

Thomas McEvilley, Jr., 36, head of Thomas McEvilley, Jr., & Associates, Cincinnati, died suddenly at Brooklyn. Following his graduation from Xavier University, he entered the life end of the business, first with Travelers and later with Manhattan Life, becoming general agent for the latter company. He established his own general insurance agency in 1934. During the last war he served with the Red Cross overseas. He was a director of First National Bank of Norwood of which his father, Thomas McEvilley, Sr., is president.

His widow, Mrs. Katherine Bartlett McEvilley, will operate the agency.

Edward N. Woodruff, 85, who was treasurer and a director of the old Peoria Life, which was placed in receivership in 1933, died after a three months illness.

General American to Split Club Meetings in 1949

General American Life's President's Club and Leadership Club will hold separate conventions in 1949 for the first time.

The President's Club will hold its meeting at Sun Valley in July while the Leadership Club is to gather at St. Louis, with the home office staff as host.

New rules for the clubs contain a number of changes, the most important being the increase in production requirements and persistency for members of the Leadership Club.

Ozburn Supervises Iowa

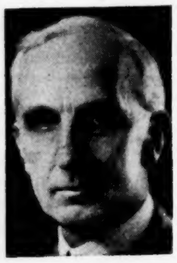
Allen Ozburn has been named supervisor for Iowa of General American Life. His specific job will be to appoint general agents and district managers. The Des Moines office will be retained as a sales office, collections being transferred to the home office. Chris Keller will remain at Des Moines as district manager under the supervision of Mr. Ozburn.

Mr. Ozburn started as a cashier in 1927. He has been manager at Des Moines since 1944. For five years he was a group representative covering a five-state area out of Kansas City.

AMONG COMPANY MEN

Monk Retires as Mass. Mutual General Counsel

Wesley E. Monk has resigned as general counsel and director of Massachusetts Mutual. He has been in poor health. He joined the company as general counsel in 1929 and was elected a director in 1942, when he was also appointed to serve on the agency committee and the committee on death claims.


W. E. Monk

Mr Monk grew up in Brockton, Mass., and in 1896 was graduated from Boston University. He took a law degree at Harvard in 1899. He practiced law in Boston and served in both branches of the Massachusetts legislature. He was appointed insurance commissioner in 1923 and reappointed in 1926. Mr. Monk was elected president of the Assn. of Life Insurance Counsel in 1940.

Holl Elected Asst. Counsel of Mutual Benefit Life

Andrew G. Holl has been elected assistant counsel of Mutual Benefit Life and will assume his new duties Jan. 15.

Mr. Holl has wide experience as a title lawyer and in administrative work, having been executive vice-president and title officer of Lawyers Title Guaranty Co. of New Jersey since 1930. He is the author of the reinsurance plan for title insurance adopted several years ago and now in operation among local title companies and adopted as a pattern in other states.

Hinkle Directs Advertising for Guarantee Mutual

Darrell G. Hinkle has been designated manager of the new department of advertising and publicity for Guarantee Mutual Life. Mr. Hinkle has been assistant secretary of Security Mutual of Lincoln since 1943 working mainly in the agency department.


D. G. Hinkle

He first became associated with Security Mutual on a part-time basis while attending the University of Nebraska. Upon graduation in 1933 he stayed with the company, doing general office and cashier work. He is an associate of L.O.M.A.

Walter Roberts Retires

HARTFORD—After more than 42 years of service, Walter Roberts, assistant cashier of the four Travelers companies, has retired.

Born and educated at Hartford, Mr. Roberts joined Travelers in 1905, and served under four presidents. He was first assigned to the accident actuarial department. After two years with the Boston branch, he went to the home office agency department and in 1913 became an underwriter in the accident department. He was appointed assistant cashier in 1925.

W. D. Cross of Provident Mutual Retires Jan. 1

Walter D. Cross, assistant manager of agencies of Provident Mutual Life since 1930 and a member of its staff for over 46 years, is retiring Jan. 1. Mr. Cross, who is the dean of the agency department, is well known throughout the business, having attended every meeting of the National Assn. of Life Underwriters since 1916.


WALTER D. CROSS

Mr. Cross began with Provident Mutual in 1901. He has served as assistant in the overdue premium department, cashier at Philadelphia and assistant manager at Philadelphia under Paul Loder. During the first war he became general agent in Salt Lake City and has had interim appointments as general agent in several cities. In 1923 he became assistant to the manager of agencies.

Bankers, Ia., Makes Harper Assistant Vice-President

George A. Harper has been named assistant vice-president of Bankers Life of Iowa. Mr. Harper has been assisting D. N. Warters, executive vice-president, for the past year, while on loan from the agency department. He is relinquishing the post of assistant superintendent of agencies which he has held since November, 1938.


GEORGE A. HARPER

After graduation from Iowa State College he spent several years in home office and field for another company and joined the home office of the Bankers Life in 1926 in clerical work. His next activity was in the personnel and planning division.

In 1930 he went to Detroit as assistant agency manager there. During the Century of Progress in Chicago in 1933, Mr. Harper was selected to represent American Life Convention in the operation of the life insurance exhibit. He then assisted in the preparation and operation of the sales training course for salesmen. In 1938 he was acting agency manager of the Cleveland agency and then was named assistant superintendent of agencies.

Metropolitan Man to VA

Erwin W. Hahn has resigned as sales promotion assistant in the field management division of Metropolitan Life to become technical adviser on insurance accounts and services for branch 2 of the veterans administration in New York City. Mr. Hahn, a New York University alumnus, has had 20 years' experience with Metropolitan. He is a C.L.U. During the war he served as public relations officer on the staff of Gen. George S. Patton, Jr.

Provident Mutual Elects Director

Provident Mutual has elected William H. DuBarry a director for the unexpired term of Marriott C. Morris, resigned because of ill health. Mr. DuBarry is executive vice-president of the University of Pennsylvania and is president of the Wistar Institute of Anatomy & Biology. Mr. Morris was the oldest director in point of service, having been originally elected in 1900.

SALES MEETS

Give Preview of Changes to Bankers of Neb. Men

General agents of Bankers Life of Nebraska assembled at the home office at Lincoln for their annual conference, which was held earlier than usual to aquaint the agency heads with changes in policy contracts and practices which become effective Jan. 1.

Speakers included H. S. Wilson, president; C. H. Heyl, agency vice-president; J. H. Ames, vice-president and actuary; E. S. Wescott, sales promotion manager; S. R. Purtzer, agency statistician, and H. W. Fouts, supervisor of training.

Mr. Wilson predicted that 1947 would be the greatest year for production in history and would be the fourth consecutive year for the establishment of new records.

Mr. Heyl discussed the new agents contract and the revised basis of compensation for agents and general agents.

Penn Mutual Kan. Meeting

The Kansas agency of Penn Mutual is holding its annual meeting Jan. 9-10 at Wichita with General Agent Paul Jernigan in charge. Representing the home office will be Urban F. Quick, assistant vice-president in the agency department. Ladies will be guests at the banquet Saturday night. Mr. Jernigan reports that 1947 business has exceeded any previous year in the history of the agency by more than 30%. Four members of the agency have qualified for the Half Million Dollar Club.

Seth Taylor, eastern superintendent of agencies of Sun Life of Canada, was the featured guest at the Christmas party of the **L. V. Drury Agency** at Philadelphia. More than 100 were in attendance including wives and children. The Philadelphia office just completed two consecutive months of record-breaking production.

Rules Assignments Legal

LINCOLN, NEB.—The attorney general's office ruled that a bill submitted by Secretary of State Marsh to permit wage assignments by public officials and employes for the purpose of effecting group insurance coverage would not be a violation of fundamental law. It was stated the reason for the rule against such assignments is that they are against public policy in that an employe might render less service or less satisfactory service to the state when he had assigned the fruits of his labor to another, but that the supreme court has held the public policy of the state is a matter entirely in the hands of the legislature, restrained only by constitutional prohibitions which do not exist in this instance. It has done this with the withholding of income taxes.

1947 Saw Inflation End Deflation Threat

(CONTINUED FROM PAGE 3)

other parts of the world. Because of the renewed rise in commodity prices, the physical accumulation of inventories began again to make an important addition to the demand side of the picture. State bonuses and the cashing of federal terminal leave bonds gave a boost to customer purchasing which may have offered an exaggerated indication of what to expect, Mr. Foster notes.

Excess Demand Continues

Whatever the causes, the sharp upward trend during the second half of the year indicated an overall demand and excess of supply, giving rise to the fear of continuing inflation as the number one domestic worry of government and business, just as a year earlier, the chief cause for misgiving was depression.

The economist focuses on several events during 1947 which he says have gone almost unnoticed in the current appraisal of the business situation, yet which will have a pronounced bearing on ability to adjust to heavy demands upon productive capacity. He quotes the Department of Commerce to the effect that producers' durable goods will have to be manufactured during 1947 in the amount of $18 billion, not only the largest amount of such equipment that has ever been provided, but at 8% the largest proportion of the country's gross production ever recorded. While such new equipment is in the process of being built, it requires labor, money and materials and plays an important part on the demand side. After it is built, it acts to increase the rate of production or to reduce the cost of production, or both and has to do with the supply side. There is no sign of reduction in the rate at which producers' durable goods are being installed, and many programs will not be completed for a year or more. Nevertheless the amount of such equipment produced during 1947 should be of some aid to production in 1948, he says.

TREASURY SURPLUS

The growth of the treasury's surplus receipts is a feature to which too little importance is being attached, Mr. Foster declares. By the fiscal year end on June 30, 1948, it is possible that even after allowing for increased foreign aid, surplus may be running at an annual rate of several billion dollars. He characterizes this as an anti-inflationary force of considerable magnitude.

A definite change took place in interest rates during the second half of 1947, he remarks. At the short term end, interest rates were allowed to rise fractionally by the removal of fixed rates at which Federal Reserve banks had for several years been buying short term government securities. The upward movement has not yet gone far enough to cause a real stringency in commercial bank credits, but there can be little doubt that it at least has begun to lessen one of the forces tending to cause inflation, which is the pressure on commercial banks to expand their assets and deposits, and hence the country's money supply, he said.

Mr. Foster indicates that interest rates have also risen at the long term end, but the rise has been more pronounced in the case of corporate and other non-federal obligations than in the case of U. S. government bonds. This may be in response to the rise in short term rates, or it may be the result of the heavy volume of new corporate financing that has been a feature of the security markets during the past year or more, or it may be the result of both of these factors. In any case, the rise in long term yields, together with unsettled conditions in the security market, making it more costly for corporations and other finance expansion programs, may have the effect of reducing the demand for new capital and, at least in the short run, have anti-inflationary implications, he states.

The economist observes that since no proposals for foreign aid have as yet equalled the annual volume of the 1947 export balance, it seems probable that except in cases of specific lines of merchandise, the strain on domestic markets resulting from export shipments is in the process of being reduced. He says that if the Taft-Hartley legislation contributes to an improvement of labor-management relations in the future, it will have a favorable effect, adding that the real domestic danger to the economy lies in the national inability to handle labor-management disputes and that the danger may be even greater today than a year or two ago.

Huebner Says Opportunity Beckons Insurance Teachers

(CONTINUED FROM PAGE 3)

careers; cooperation with committees in the industry; cooperation with the many local associations and committees of the industry, and the recruiting of college men for the industry.

Emphasis was also placed upon the desirability for close cooperation between the teachers group and the American College of Life Underwriters, American Institute for Property & Liability Underwriters and the S. S. Huebner Foundation for Insurance Education.

Dr. Huebner concluded that teachers of insurance may look forward to a bright future full of opportunity and endeavor. The industry is growing rapidly. It is linking up cooperatively with higher educational system. As an associated group, teachers must grasp the opportunities that lie ahead and are beckoning them. They must add to their membership in a manner commensurate with the growth of insurance teaching personnel within universities as well as within the industry itself.

Universities have been great creators of thought and action for the professions, and the professions, in turn, have spurred and wholesomely directed academic activities.

Group Morbidity Studies Now Getting Under Way

NEW YORK — Studies which the Actuarial Society of America's committee on group mortality and morbidity is conducting were described at the meeting of American Statistical Assn. by Morton D. Miller, assistant actuary of Equitable Society. Because the committee's work was interrupted by the war it is only now, after discussions held during the past 18 months, that the committee has completed plans for the compilation of intercompany group morbidity experience. Beginning with policy years ending in 1947 the contributing companies will be furnishing the committee with aggregate claims and exposure to risk for each group policy, appropriately classified so as to enable the derivation of unit claim costs.

It is expected that the committee's first report on group morbidity experience will be published in the 1948 "Transactions" of the Actuarial Society. For the time being, group medical expense insurance is not being studied largely because of the newness of the coverage, the wide variety of plans being written and the diversity in policy provisions. However, it is hoped that it will be possible to study it later.

Studying Surgical Claims

The committee has also undertaken a sample study based on individual surgical claims, designed to supply information regarding relative frequency with which different surgical procedures occur and the relative values of the fees being charged by doctors for these operations, for little is known about either of these matters.

The committee is not so much interested in the doctor's actual charges, since it is not contemplated that the surgeon's fee will necessarily be covered in full but it is concerned with the relationship of doctors' charges to one another for different operations. If surgical insurance is to be most effective, it is important that the maximum amount of reimbursement provided for each type of operation be reasonably proportionate to the surgeon's fee. The relative values of actual charges will make it possible to determine whether existing surgical schedules are in accord with the pattern of the fees being charged by physicians and will permit revision of the schedules where needed.

In planning the study, one of the problems was to devise a suitable classification for the various surgical procedures, bearing in mind that it should not be too detailed to be practical or insufficiently detailed for adequate analysis, and that the bulk of the coding work would be done by clerks with limited medical knowledge. A satisfactory code with about 400 classifications was prepared. Mr. Miller said the information that will be developed should be useful not only to insurance companies but to others.

D. D. Cody, also an assistant actuary of Equitable Society, gave a technical paper on sampling errors in mortality and other statistics in life insurance.

Audubon Calendar Series Continued by N. W. Mutual

For the third successive year, Northwestern Mutual has issued its popular Audubon calendar. The 1948 edition again has four of the most beautiful and striking Audubon prints, presenting some of Audubon's most brilliant work in prints of superb quality which are suitable for framing.

The Audubon calendar series has been received for several years with great enthusiasm. Sufficient suitable Audubon plates are available to permit the company to continue the series for many years.

Some 1,600 agents placed orders for nearly 200,000 of the 1948 calendars to present to clients and prospects, a response beyond all expectations.

Retired Employes Invited

Retired employes were invited to a Christmas buffet luncheon at the home office of Mutual Life, held in "open-house" fashion, enabling retired and home-office employes to exchange greetings with company officials.

The new home office building of **North American Life & Casualty** will be dedicated in a three day celebration at Minneapolis Feb. 12-14.

LIFE AGENCY CHANGES ACCIDENT ASSOCIATIONS

Franklin Life Designates Lack Oklahoma Manager

A. D. Lack is now regional manaager in Oklahoma for Franklin Life. Mr. Lack has been manager for Metropolitan in Oklahoma City. He joined that company in 1931 in Poplar Bluffs, Mo., and two years later was made assistant manager. In 1933 he was appointed field training instructor.


A. D. Lack

Mr. Lack will have charge of Franklin agency development throughout the state with headquarters in Oklahoma City.

Rosenbaum Heads Mutual Benefit Brooklyn Agency

Mutual Benefit Life has reestablished agency headquarters in Brooklyn with Edward L. Rosenbaum as general agent. The office temporarily will be located at 84 William street, New York.


E. L. Rosenbaum

Mr. Rosenbaum, who has had 20 years of life insurance experience in the metropolitan area, has been supervisor in the Manuel Camps agency of John Hancock. For 10 years prior to that, he was with Equitable Society as unit manager of the Brooklyn agency.

Mr. Rosenbaum is one of the founders of the Life Supervisors Assn. of Brooklyn, is a member of the executive committee of the Life Supervisors Assn. of New York and a teacher in the training course of the Life Underwriters Assn. of New York. He was born and educated in Brooklyn.

Opens Eugene Sub-Office

Prudential's district office No. 2 at Portland, Ore., has opened a sub-office at Eugene under the supervision of Jay S. Perry, assistant district manager. It will handle sales and service both in Eugene and in Springfield. Mr. Perry has been with the company since 1932.

Merkle Retires, Craw Now Butte Prudential Manager

Arthur W. Merkle has retired as Prudential manager at Butte, Mont. He will continue as an agent.

H. Kenneth Craw, assistant manager in charge at Cheyenne for the Denver agency, has been named to succeed him.

Mr. Merkle joined Prudential in 1915 and three years later he and his brother, Horace, formed a partnership to represent Prudential as general agents for Montana. He assumed sole charge in 1926 when Horace became manager at Portland, Ore. He is past president of the Insurance Federation of Montana.

Mr. Craw joined Prudential in 1932. He was promoted to assistant district manager in 1937, taking charge at Cheyenne in 1940. He recently served in the navy.

Standard of Ore. Enters Hawaii; Change at Eugene

Standard of Oregon has entered the Hawaiian islands and established an agency at Honolulu with Alvin G. Rocha as general agent. The agency will be known as Oahu Insurance Agency, Limited.

Robert V. Cummins of Seattle has been appointed general agent of the company's Willamette agency at Eugene, Ore. He will succeed Perry H. Walbridge, who retired under the company's pension plan Jan. 1.

Mr. Cummins has been northwest supervisor for Central Life of Iowa, in charge of agency development in Oregon and Washington.

Seattle Agency Appointed by Security L. & A.

Security Life & Accident has appointed the Preferred General Agency of Seattle as general agent in the state of Washington. The agency, an affiliate of the Preferred General Agency of Portland, Ore., is headed by E. W. Eggen as president. The firm is establishing a life and disability department in the Seattle office with Emile C. Genereux in charge as supervisor.

Mr. Genereux entered insurance at Vallejo, Cal., in 1937 as a local agent and later was a general agent for life, accident and health lines. In 1941 he went with Lincoln National Life at Seattle and in 1942 entered the navy. Last August he became district manager for Sunset Life at Vancouver, Wash.

Preferred General Agency represents a number of fire and casualty companies.

Crane Takes General Agent Post in Wis. for Old Line

Karl A. Crane, who became field superintendent of Old Line Life out of the home office several months ago after a long career at Milwaukee with Equitable Society, has been appointed general agent by Old Line. He succeeds the late John W. Wheatly and will have headquarters at Racine covering Racine, Kenosha and part of Walworth counties.

McKean Is Stevenson Associate

Robert A. McKean, Jr., has been appointed associate general agent of the Stevenson agency at Pittsburgh for Berkshire Life. Mr. McKean is past president of the Pittsburgh Life Underwriters' Assn. and is on the executive committee of the Pennsylvania State Life Underwriters Assn. He entered the business with the Pittsburgh agency in 1936.

Regional at Dallas Jan. 15

Twenty-eight companies domiciled in Texas, in addition to conference members, have been invited to attend a one-day regional meeting sponsored by Health & Accident Underwriters Conference at the Baker Hotel, Dallas, Jan. 15.

Travis T. Wallace, president Great American Reserve, a member of the executive committee of the conference, is in charge of local arrangements. Topics to be discussed include hospital and medical insurance, group and franchise insurance, and underwriting. Mr. Wallace will also lead a round-table discussion on new agency problems as they apply particularly to disability insurance.

Lambert Cleveland Chief

Cleveland Assn. of Accident & Health Underwriters at its annual meeting elected these officers: President, John B. Lambert, Mutual Benefit Health & Accident; vice-president, John Byrne, Union Mutual Life; secretary, B. L. Busfield, Retail Credit; directors, H. H. Nunamaker, president, Columbian National Life, retiring president; Lloyd Feder, Reliance Life; Arthur Althans, Aetna Life, and William A. Knight, Federal Life & Casualty.

Medical Plan in Ontario

TORONTO—Physicians' Service has been incorporated here to offer a non-profit group insurance plan for medical aid. President is Dr. Melville C. Watson, a specialist in gynecology at Toronto General Hospital.

Two plans will be available. Under the surgical and obstetrics plan, the premium for one subscriber is 75 cents a month; with one dependent $1.75, and with more than one dependent $2.50, home and office calls not included. Under the complete medical plan, corresponding premiums are $1.50, $3.50 and $5, with home and office calls included.

Kunis New Jersey Speaker

New Jersey Accident & Health Assn. will hold a luncheon-meeting at Newark Jan. 13, when A. Maxwell Kunis, associate actuary of the New Jersey department, will speak. T. A. McNicholas, chief examiner of the department, also will be a guest.

Attorney Speaker at Atlanta

Attorney Alton B. Hollis of Decatur was the speaker at the Dec. 16 meeting of the Atlanta Assn. of A. & H. Underwriters. Mr. Hollis discussed "Persuasive Speech." Eugene Wayne, General Accident, Atlanta, spoke on group insurance.

Goetschel to Citizens

Gordan G. Goetschel, for some time with Old Line Life at Milwaukee before going to the west coast, has been appointed manager of the accident and health department of Citizens Life & Casualty, Los Angeles.

F. Hays Boyce has been appointed supervisor for Preferred Insurance General Agency, Portland, Ore., in charge of its accident-health department. The agency represents the commercial accident and health division of Continental Casualty and is general agent of Guardian Life for Oregon.

Reinstate $6 Billion NSLI

WASHINGTON — The veterans administration reports that during 10 months ended Dec. 1 more than 1 million veterans reinstated National Service life term policies carrying upwards of $6 billion of protection. By October 1, 1947, less than a third of the NSLI policies written, or 5,956,500 policies, were in force for over $35 billion.

Decatur, Ill.—Nathan H. Weiss of the Persons agency of Mutual Life in Chicago spoke on "The Romance of Selling Life Insurance" at the December meeting.

Niagara Falls, Ont.—New officers are: President, Jack Scott; vice-president, Bruce Mennie; secretary, Eunice Leahey; treasurer, Charles Ballantyne.

Delegates to the annual meeting of the Canadian association at Toronto Jan. 23-24 are the new president and vice-president.

Buffalo—Patrick M. Mucci, Metropolitan Life, Paterson, N. J., will speak on "I'm in the Insurance Business."

Rochester, N. Y.—H. Bruce Palmer, vice-president of Mutual Benefit Life, spoke on "Aggressive Optimism."

Newark—Rev. L. H. Clee, pastor of Second Presbyterian Church, Newark, addressed the largest meeting in the association's history. President S. S. Vort presented a $425 check to the "Newark News" Christmas fund and reported that 250 toys had been donated by members to the Crippled Children's Home.

Jackson, Mich.—Members played hosts at a Christmas party for a group of school children and their teachers. Each guest was presented a gift by a Santa Claus.

Boston—D. B. Fluegelman, Northwestern Mutual, New York, N.A.L.U. trustee speaks Jan. 8 on "The Philosophy of Selling."

Wichita.—The ladies were guests at the December luncheon meeting at which Bishop Carroll of the Wichita diocese of the Catholic church spoke.

Emporia, Kan.—Rev. Stephen Williams of the Congregational church spoke on "The Layman's View of the Life Insurance Business." Dues were increased to finance a long range advertising program.

Chattanooga, Tenn.—J. Beryl Kemp has been named secretary to succeed E. Y. Chapin, III, who has left the insurance business. Father John P. Murphy, Catholic pastor, spoke in December.

Makes Use of Air Cargo

To speed delivery of new rate books, application forms and other literature for Jan. 1 policy changes, United Benefit Life took to the air lanes, shipping 5,000 pounds of pamphlets to offices in 160 cities in 48 states.

Mass. Mutual Finances Chgo. Store

Massachusetts Mutual is providing a $3½ million, 21-year mortgage at 3¼% interest for the Bond's clothing store to be erected at the southwest corner of State and Jackson boulevard in Chicago. The unit will represent a total investment in land and building of $4 million, and it is expected that the structure will cost $2 million.

'47 Was Heavy But Constructive Year

(CONTINUED FROM PAGE 2)

matters attention when it takes up general tax revision this winter.

One suggestion made would remove from the estate tax the test of who has paid the premiums on a policy of life insurance. At present the proceeds of a life insurance policy are subject to tax if the decedent died possessed of any of the incidents of ownership in the policy or, if he has paid the premiums, the proceeds become taxable to the extent of the premiums paid. It was pointed out that when a husband unconditionally gives a policy on his life to his wife a gift tax must be paid on its value and if he later pays any premiums the amount thereof would constitute a taxable gift. No other form of property, it was submitted, has been subjected to such double taxation. It was therefore recommended that an estate tax should be payable only if the decedent possessed incidents of ownership in the policy.

Annuity Tax Suggestions

Another proposal was that instead of taxing annuities each year on the basis of 3% of the consideration or cost thereof, the annuity be divided into two parts—principal and income, the principal to be determined by dividing the cost of the annuity by the annuitant's life expectancy, the principal being tax free until the annuity's total consideration has been recovered. The balance would be treated as taxable income.

A further suggestion concerns the existing regulations with regard to pension trusts which provide that that part of the employer's contribution covering the cost of yearly term insurance protection constitutes income to the employe. It was submitted that such tax treatment is inconsistent with regulations applying to plans under which pension benefits are provided by a group annuity contract and the insurance benefits are provided under a separate group insurance policy. It was therefore proposed that the internal revenue code be amended so as to exclude from gross income the amount of premiums paid by an employer for insurance on the lives of his employes, either under policies of group insurance or under policies purchased to provide benefits under an employe-benefit plan which meets the requirements of section 165(a) of the code.

Attention was also called to the fact that the tax features of section 165 are limited to plans of an employer for the exclusive benefit of his employes. It was proposed that the internal revenue code be amended so that the pension plans of independent contractor agents would receive the same tax treatment as is accorded those within the employer-employe relationship.

TAX EXEMPTIONS

High on the list of the legislative agenda of the National Assn. of Life Underwriters is its plan to induce Congress to restore the specific exemption of $40,000 of life insurance death proceeds from the estate tax. This exemption was removed by Congress as a war revenue measure in 1942. Congress has also been asked to exempt from gross income a reasonable amount of life insurance premiums paid by an insured.

The latest developments in Congress seem to indicate that further and extensive studies by its committees will be necessary before any substantial revision of the social security act will take place.

At the last session of Congress the finance committee of the Senate was authorized to make a full scale study of the social security program with the assistance of an advisory council of experts. Edward R. Stettinius, Jr., was named chairman of the council, and among its members is M. Albert Linton, president of Provident Mutual. The study got under way late in the year.

Although Senate hearings have been scheduled early in January on the pending compulsory health and disability insurance bills together with Senator Taft's plan of federal assistance for hospital and nursing facilities, it is unlikely that any substantial progress will result therefrom at the current session of Congress. The hearings, however, should develop information and material that will be useful later.

Agents' Social Security Status

Tentative regulations revising the term "employe" for purposes of coverage under the old age insurance provisions of the social security act were issued by the commissioner of internal revenue Nov. 27. The Treasury proposes to abandon the old common law concept of the master and servant relationship. The regulations propose that the relationship of employer and employe for the purposes of the social security act is not restricted by the technical legal relationship of "master and servant" as the common law has developed that relation in all of its variations. A new phrase "economic reality" appears frequently in the regulations in connection with the various factors that must be taken into account in order to establish the so-called realistic relationship of employer and employe.

The status of life insurance agents compensated solely by way of commission for purposes of social security has been the subject of frequent interpretation by the bureau of internal revenue and has been determined largely on their respective agency contracts and operations thereunder. Since the passage of the social security act a good many agents have been exempted from coverage by specific rulings of the bureau of internal revenue.

The tentative regulations allow a period of 30 days in which interested parties may submit written comments or suggestions to the commissioner of internal revenue. Although the Treasury had intended to make the regulations effective Jan. 1, 1948, the effective date has been postponed to Feb. 1 at the earliest.

Group Insurance Extension

The rapid extension of group coverage in recent years brought a solemn note of warning to the annual convention of the National Assn. of Life Underwriters held in Boston last September. The writers of individual policies contended that inroads on their field of operations by group life, salary savings and pension plans have become so alarming that it was time to clearly redefine the areas and limits to which mass selling of insurance should be confined. Some of the critics of mass selling plans proposed that they should be strictly limited to coverage within the employer-employe relationship.

In order to clarify the questions raised as to group coverage, committees were appointed by the National Assn. of Life Underwriters, L.I.A.M.A., and the life company associations to jointly study the question and to determine its proper sphere and also what effects mass distribution of life insurance may have on the agency system and the welfare of the individual underwriter.

The heavy recruiting program of the past few years, occasioned mainly by returning war veterans, has been thinning down and selection of agents will be made more conservatively and on the basis of area need. The turnover of the past year has caused many agency executives to give more time to this problem. Supplementing the existing educational and training courses for agents, there was launched during the past year the Life Underwriter Training Council, with headquarters in New York City. The new organization is sponsoring a two-year training and educational program in cooperation with the American College of Life Underwriters, American Society of C. L. U., L.I.A.M.A. and National Assn. of Life Underwriters.

With well over 50,000 members and still growing, the National Assn. of Life Underwriters is becoming one of the most effective and influential sales organizations in the country. Its voice in state and national legislatures carries great respect. The headquarter's staff of the National association is highly efficient and its national officers and committees are functioning for the best interests of the entire membership.

At the mid-winter meeting of the insurance commissioners the N.A.L.U. submitted its model bill on qualification and licensing of agents and emphasized its strong support of such legislation. At present 14 states have licensing tests and four others conduct examinations while allowing temporary licenses. Three states require examination with an optional provision for licensing on completion of a company training course. The National association sees a need for its uniform qualification bill.

Institute of Life Insurance

The breach or gap in the public relations of life insurance that existed a while back has been admirably and efficiently filled by the Institute of Life Insurance. The institute has developed to a high degree a coordinated program of factual and practical information about life insurance that reaches the homes and firesides of America every day of the year. It is preaching the gospel of life insurance in a plain understandable way.

Expansion of the program of L. I. A. M. A. along the research lines was urged at its annual meeting in Chicago late in the year. The program proposed would require a larger budget than before. The general consensus was that additional research should be undertaken and the feeling was that the association is now in a position to carry it out.

Although many shortages remained on national trade marts, American production forged ahead the past year. Farm and factory produced and delivered more than their normal quotas in order that a part of their products could be shipped across the seas to help feed and supply the underprivileged peoples of the old world. It was an exemplification of free enterprise at its best, caring for the unfortunate and needy while still retaining the high standard of living at home.

The sign-posts ahead point to high levels of employment in this country and high national income applying to both farm and urban communities. Invention, initiative and capital have given to the American people greater comforts and privileges than are enjoyed by those living on any other part of the globe. Under our traditional system of individual initiative, opportunity is and always has been free.

The history of life insurance in this country has been one of steady growth and development. In both origin and operation life insurance has served the objectives of American democracy. The economic security of many millions of Americans is represented by their life insurance. Their confidence in the life insurance companies has been attested by their purchases of policy and annuity contracts embracing long term commitments. Their trust has been fully justified by the record of performance in carrying out such contracts over a long span of years.

The institution of life insurance is large and it will become larger. In the American way, there is room for it to grow.

Considers Sampling Method for Reserve Valuations

"Problems with Sampling Procedures for Reserve Valuations" was the subject of a paper by George C. Campbell of Metropolitan Life at the meeting of American Statistical Assn.

The reserve liability, required because the risk of death increases with increasing age, he defined as the present value of future benefits, less the present value of future net premiums. The computation of the reserve liability, running up to about $49 billion in North American life insurance companies, involves a large amount of work, some of which might be saved if sampling methods were satisfactory. He mentioned certain possible approaches to the sampling problem, and he developed the mathematical problem for one such approach.

Experimental results were presented from one small exploratory sample intended to establish orders of magnitude. He considered the accuracy needed from a reserve valuation.

Tentative conclusions were presented that sampling methods are likely to be restricted in the immediate future to related benefits, including certain paid-up policies. The range of error from samples of reasonable size is too large for practical application under present conditions to the main life insurance reserve on premium-paying business.

LEGAL RESERVE FRATERNALS

N. F. C. Committees Are Named

Standing committees of the National Fraternal Congress have been appointed by President T. W. Midkiff, head of Woodmen of the World, Denver. The chairmen are:

State of order and statistics, Joseph F. Lamb, secretary Knights of Columbus, New Haven, Conn; law, W. E. Mooney, general counsel Woodmen of the World Life, Omaha; ethics, I. K. Roszmarek, president Polish National Alliance, Chicago; junior membership, William G. Fisher, executive vice-president Lutheran Brotherhood, Minneapolis; public relations, James G. Daly, editor United Commercial Travelers, Columbus.

Lodge activities, John P. Stock, secretary-treasurer, Maccabees, Detroit; general welfare, Miss Margaret Walker, supreme recorder Royal Neighbors, Rock Island, Ill.; revision of blanks, R. A. Anderson, actuary, Protected Home Circle, Sharon, Pa.; field work, Herbert G. Benz director of field work Aid Assn. for Lutherans, Appleton, Wis.

Security valuations, Charles Harrington, manager investment department Woman's Benefit, Chicago; membership, John J. Kennedy, secretary-treasurer, Railway Mail Assn., Portsmouth, N. H.

Rugland a Director

Walter L. Rugland, actuary of Aid Assn. for Lutherans, has been elected a director. He has been with the association four years, having previously been with Metropolitan Life's actuarial department. He is a fellow of both actuarial organizations and a graduate of Luther College and Iowa State.

P. H. C. Is Going to CSO 2½% Basis

Protected Home Circle sometime after Jan. 1 will issue all its new certificates on the CSO 1941 2½% reserve basis. The age limits continue as before from birth to age 60 nearest birthday, inclusive.

The society's certificates will include many broad features not previously given, in addition to the usual four standard settlement options. Several new plans have been added in both the adult and junior departments. Junior certificates will provide for the largest scale of death benefits permitted by laws of the various states. In many states full death benefit is permitted immediately on and after age 1, with but one-fourth of the face amount payable in the first certificate year where issue is at age under six months. Provision is made for automatic transfer of junior to senior departments without change in rate of one attaining age 15½ years.

Other Important Changes

Some changes have been made in double indemnity rider and rates so benefits will cease at age 65, and where permitted by law the rider will be issued at ages 5 to 60. This is a departure from the previous practice as the society now will issue double indemnity rider on junior certificates ages 5 to 15 inclusive in states so permitting, the rates for such rider varying according to plan and age at issue.

Payment waiver rider with benefits payable for the period of payments on certificates on claims presented before age 60 is being continued, and also the payor rider to payors ages 16-50, inclusive, and juniors from birth to 15 inclusive with benefits continuing to age 21 of the junior or age 60 of payor, whichever occurs first.

Two new riders will be issued, one a family income providing for retention of face amount of certificate at death and payment of $10 monthly income per $1,000 face amount for a period of 20 years dating from certificate issue date, and then a final payment of the face amount to beneficiary. Premium payments for the rider will be required for 16 years.

The other rider is a family maintenance providing for retention of face amount of certificate at death and for payment of $10 monthly income per $1,000 face amount for remainder of 20 years following date of death and then a final payment of the face amount to beneficiary. Premium payments on the rider will be required for 20 years.

The new premium rates will show some readjustment to lower levels on some plans at younger ages and to higher levels at older ages of entry upon certain plans. The premium changes apply only to new certificates issued. No changes in rates, values or certificate provisions will be made for contracts placed in force before the effective date of the change to CSO basis. Protected Home Circle soon will announce this effective date, which will be as soon after January 1, as possible.

Maccabees 70th Year Sales Drive Starts

Maccabees of Detroit is starting a six-month 70th anniversary sales campaign with a prize for the field force of an all-expense paid vacation at one of several vacation centers including the Shenandoah Valley around Knoxville, Tenn., Atlantic City, Cedar Point, O., Denver and Portland, Ore. J. E. Little, field director, is in charge of the campaign.

The southern vacation at Knoxville will be held July 22-23; eastern at Atlantic City July 26-27; central at Cedar Point July 30-31; west central at Denver Aug. 4-5, and west coast at Portland Aug. 9-10.

George D. Ziegler, one of the organizers and president of Aid Assn. for Lutherans, Appleton, Wis., when it was chartered in 1902, and since 1934 board chairman, was honored on his 80th birthday at a dinner given by fellow officers and department heads of the fraternal. W. H. Zuehlke, treasurer, the other surviving incorporator, made the presentation of gifts. Alex O. Benz, president, lauded Mr. Ziegler and also **B. E. Mayerhoff,** field man and general agent from 1902 until his retirement in 1945. He presented Mr. Mayerhoff a 40-year service pin set with a diamond.

Course on Approach and Interview Sponsored by Chicago Managers

An unusual course available for agency heads and agents, devoted to analyzing a prospect's needs and studying the approach and interview by lecture and individual participation will be opened in Chicago Jan. 9 by the Life Agency Managers of that city. The classes will meet Fridays at 4 p.m. in the auditorium of the One North LaSalle street building under direction of Norman Bancheck. He has been associated with International Harvester for the last 2½ years, teaching analysis, construction and delivery of sales talks.

E. B. Thurman, general agent New England Mutual, is in charge of reservations. The tuition fee is $35. There will be six of the weekly lessons, each of two hours duration, the first two being lectures outlining fundamental principles of salesmanship, the next four being practice sessions in which each member of the class will make four attempts to construct and deliver a sales talk. It is hoped to secure progressive improvement of all those participating. The organization plans to make this school an annual affair if it is successful. Enrollment will be limited to 40.

Eubank, Henderson N. Y. Prudential Co-Managers

Hiram G. Henderson has been made co-manager with Gerald A. Eubank of the Downtown Agency in New York of Prudential.

Messrs. Henderson and Eubank have been associated for 23 years, starting in Detroit and continuing through Mr. Eubank's Aetna Life connection in New York, with the life department of Johnson & Higgins, then general agents of Prudential in New York, and with the Downtown Agency since it was established in 1935 with Mr. Eubank as manager and Mr. Henderson as assistant manager. He was advanced to associate manager in 1946, after having served as acting manager during Mr. Eubank's naval duty.

About a dozen agency and home office men attended a luncheon to mark the Eubank-Henderson partnership Mr. Eubank reviewed his association with his new co-manager, which began some 23 years ago. He said that the policy of his agency will not change under the arrangement. It will continue to specialize in brokerage business.

As a representative of the home office Sayre MacLeod, vice-president in charge of ordinary agencies, said that although it is not the general policy of Prudential to have agency partners, he believes these two man are completely capable of running the agency under a co-managerial system. Mr. Henderson spoke briefly.

D. C. Managers Elect

The Life Insurance General Agents & Managers Assn. of Washington elected as president Chester R. Jones, State Mutual; vice-president, Howard de Franceaux, United States Life, secretary-treasurer, J. Hicks Baldwin, New England Mutual; directors, A. W. Defenderfer, John Hancock; J. P. Stumpf, Travelers.

RECORDS

WESTERN RESERVE LIFE—Momentum from 20th anniversary campaign carried through to give the company its greatest November, with volume 125% above the same month in 1946.

EQUITABLE OF IOWA—Attained $900 million in force in November, reaching $903,275,167 Nov. 29. November business was $8,889,232. New business for the first 11 months totalled $104,897,327.

JEFFERSON STANDARD — Business for the first 11 months exceeded $100 million and November production set a new November record.

MANHATTAN LIFE — Edmondson month campaign resulted in $8,844,300 submitted business, with eastern agencies nosing out western by 68 points to 66. November set a new record in submitted business. The Ranni agency in New York City led with $1,909,379 and David Berger of that agency led the personal producers with $205,000.

OCCIDENTAL LIFE, CAL.—Paid ordinary for the first 11 months was $215,945,890, up 19.6%. In the first nine months insurance in force, including group, increased 22.8% to reach $1,497,272,746 and by now has substantially exceeded $1½ billion. The increase of insurance in force during the first nine months was $278,368,065, or about $90 million better than the entire 1946 increase.

NATIONAL LIFE OF VERMONT—November paid-for was $9,764,784, up 9.36%. Sales for the first 11 months were $111,329,082, a $12 million gain. Insurance in force gained more than $83 million for the first eleven months.

MINNESOTA MUTUAL—Sales totaled $111,374,077 in first 11 months, a 10.5% rise. Group increased 35%. The sales force conducted a President's Month drive during December honoring H. J. Cummings, who completed his first year as president.

NEW ENGLAND MUTUAL—November paid business of more than $34 million was the largest month in its history, exceeding the previous high of January, 1947, by nearly $1½ million. It was a gain of 72% over November, 1946. The company is 18% ahead of 1946 for the first 11 months.

PACIFIC MUTUAL LIFE—New business written in December was $20,277,000, gain of 128%; paid for $51,146,000, gain of 11%; new commercial accident and health premiums written, $40,419, gain of 41%; paid for $29,952, loss of 7%. for the year, business written was $152,841,000, gain 10%; paid for $107,799,000, gain 4%; commercial accident and health written $560,602, gain 22%; paid for $361,478, gain 16%. The figures do not include a large pension trust case nor do they include group insurance.

John A. Ramsay, Connecticut Mutual Life, Newark—Had largest production of paid for business in 1947 since the agency was established in 1848, with $5½ million.

Edwin D. McGwire, New York Life, Newark.—Made gain of $1.2 million in 1947 over previous year.

W. T. Burke to Federal Life

Wm. T. Burke has joined the Philpott agency of Federal Life at St. Louis as district manager. He formerly was with Columbian National. The Philpott organization in its first year was sixth among Federal Life agencies.

Green Talks on Efficiency

SEATTLE — Paul Green addressed the Life Managers Assn. Monday on "Keeping Management Efficient during 1948."

POLICIES

West Coast Brings Out New Series of Forms

Many new features are contained in the 1948 series of policies, a new rate book and application forms announced by West Coast Life to its agents. The new rates are on CSO 2½% table. A new dividend illustration table which officials consider one of the most modern improvements in this phase of life insurance has been prepared.

The application forms provide that insurance is effective from date application is completed provided full premium is paid on that date and applicant is then insurable. Some salient features and innovations in the new policy forms are: Settlement options have been completely revised and include a life annuity, cash refund annuity, joint and two-thirds survivor annuity, and also that cash values may be applied under settlement options at any time. Automatic premium loan is provided.

New Dividend Option

Participating forms include a new dividend option which provides that dividends may be used to purchase one year term insurance without evidence of insurability if this option is elected in application.

A monthly income disability benefit of $10 per month per $1,000 of life insurance now is being issued to a maximum of $200 per month and $20,000 aggregate benefit. Waiver of premium benefit also is issued to self-supporting females and no longer is cancellable upon marriage. Aviation restrictions, other than on a pilot or crew member of any type of plane, have been eliminated from all disability agreements.

A new junior life estate plan now is issued to juvenile risks to age 15 on both participating and non-participating forms. This policy provides for full return of premiums in event of death prior to age 21, when the policy increases from $1,000 to $5,000 in amount without increase in premium and without medical examination. Cash values may be used to purchase paid up insurance in excess of the policy face without medical examination at end of certain policy years prior to age 21. Dividends on participating forms may be used to purchase one year term insurance or left to make the policy fully paid or mature it as an endowment.

Family Income Forms

Varied new family income supplemental agreements now are issued to provide $10, $15 or $20 per $1,000 for 10, 15 or 20 years, also a family income to age 65 benefit to $10 per month per $1,000 of life insurance.

A new accident death benefit is issued for as much as double the face of the policy to which it is attached, to provide triple indemnity.

Other features include full benefit on juvenile policies from age 1, term insurance for women, extended insurance for substandard risks up to 150% mortality, term forms convertible on either attained age or original age basis on form and at rate in effect as of the age selected.

The new rate book also includes the latest in occupational classifications and a more liberal table of heights and weights.

Vogler Medical Fund Director

W. L. Vogler, executive vice-president of American National, has been elected to the board of Life Insurance Medical Research Fund, succeeding C. F. O'Donnell, president of Southwestern Life. T. A. Phillips, chairman of Minnesota Mutual, and James L. Loomis, chairman of Connecticut Mutual, were reelected.

Bankers Life of Iowa, Goes to CSO 2 1/4% Reserve Basis

Below are shown two pages from the 1948 Little Gem Life Chart showing the new CSO 2¼% rates and values which Bankers Life of Des Moines has adopted effective Dec. 1. Premium waiver rates also are given.

46 **Bankers Life, Ia.**

PREMIUM RATES PER $1,000 (Participating) CSO 2¼%

† Pref. Whole Life	Life Paid-Up Age 85	‡ 20 Payment Life	20 Year Endowment	† Life Paid-Up Age 65	* Family Prot. 20 Year Rider	Age	(b) Inc. to Insured at 65 Male	†Mod. Two Whole Life 1st 2 Years	†Mod. Two Whole Life Thereafter	(c) Ret. Annuity Age 65 Male	(a) Term 5 Year	(a) Term 10 Year
14.44	15.92	27.08	49.97	16.10	....	10	23.52	11.83	16.09	....	....	....
14.75	16.19	27.46	49.99	16.43	....	11	24.07	12.10	16.37	....	....	....
15.07	16.48	27.86	50.01	16.78	....	12	24.65	12.37	16.65	....	....	....
15.40	16.78	28.27	50.06	17.13	....	13	25.25	12.67	16.96	....	....	....
15.74	17.09	28.69	50.11	17.51	....	14	25.89	12.97	17.27	....	....	....
16.09	17.42	29.12	50.16	17.91	....	15	26.55	13.29	17.60	50.90	....	....
16.45	17.75	29.56	50.22	18.32	....	16	27.24	13.59	17.93	49.22	....	....
16.84	18.09	30.01	50.27	18.75	....	17	27.97	13.92	18.29	47.59	....	....
17.23	18.46	30.47	50.34	19.21	5.04	18	28.73	14.26	18.66	45.98	7.36	7.39
17.65	18.85	30.95	50.41	19.69	5.17	19	29.52	14.60	19.04	44.42	7.44	7.48
18.07	19.25	31.43	50.48	20.18	5.33	20	30.36	14.98	19.45	42.88	7.51	7.58
13.52	19.66	31.93	50.56	20.72	5.48	21	31.25	15.36	19.87	41.38	7.60	7.70
18.98	20.09	32.45	50.65	21.27	5.66	22	32.17	15.76	20.31	39.92	7.70	7.82
19.47	20.55	32.97	50.75	21.86	5.86	23	33.16	16.18	20.77	38.48	7.81	7.96
19.97	21.03	33.51	50.85	22.48	6.07	24	34.19	16.62	21.25	37.08	7.93	8.11
20.50	21.53	34.07	50.97	23.13	6.30	25	35.28	17.07	21.75	35.71	8.07	8.28
21.05	22.08	34.67	51.09	23.85	6.55	26	36.47	17.58	22.31	34.37	8.22	8.47
21.62	22.66	35.29	51.23	24.62	6.83	27	37.72	18.11	22.90	33.05	8.38	8.68
22.22	23.27	35.93	51.38	25.42	7.12	28	39.05	18.67	23.51	31.77	8.57	8.90
22.84	23.91	36.59	51.53	26.26	7.45	29	40.45	19.25	24.15	30.52	8.77	9.15
23.50	24.57	37.27	51.70	27.17	7.80	30	41.93	19.85	24.81	29.29	8.99	9.42
24.18	25.26	37.95	51.90	28.11	8.18	31	43.51	20.47	25.52	28.09	9.23	9.72
24.90	25.99	38.67	52.10	29.12	8.60	32	45.19	21.10	26.25	26.91	9.49	10.05
25.64	26.74	39.41	52.33	30.18	9.05	33	46.98	21.78	27.02	25.77	9.79	10.41
26.42	27.54	40.16	52.58	31.33	9.54	34	48.89	22.48	27.82	24.64	10.11	10.80
27.24	28.38	40.95	52.85	32.54	10.08	35	50.92	23.21	28.65	23.55	10.46	11.23
28.10	29.25	41.76	53.15	33.87	10.67	36	53.14	23.98	29.53	22.47	10.84	11.70
29.00	30.16	42.59	53.47	35.29	11.30	37	55.53	24.79	30.46	21.42	11.27	12.21
29.94	31.13	43.46	53.82	36.81	12.00	38	58.10	25.65	31.43	20.39	11.73	12.77
30.94	32.14	44.35	54.19	38.45	12.75	39	60.86	26.54	32.45	19.39	12.23	13.38
31.98	33.20	45.27	54.61	40.21	13.57	40	63.86	27.49	33.52	18.41	12.78	14.05
33.12	34.39	46.23	55.07	42.12	14.46	41	67.10	28.54	34.72	17.45	13.39	14.78
34.31	35.65	47.24	55.66	44.17	15.42	42	70.63	29.65	35.98	16.51	14.04	15.57
35.55	36.97	48.28	56.09	46.40	16.48	43	74.47	30.83	37.32	15.59	14.76	16.44
36.87	38.37	49.36	56.68	48.83	17.63	44	78.69	32.07	38.73	14.69	15.55	17.39
38.26	39.85	50.50	57.32	51.49	18.87	45	83.33	33.37	40.21	13.81	16.41	18.41
39.73	41.41	51.69	58.02	54.42	20.22	46	88.46	34.75	41.77	12.95	17.34	19.53
41.27	43.07	52.92	58.78	57.64	21.69	47	94.13	36.22	43.43	12.11	18.36	20.75
42.90	44.81	54.23	59.61	61.21	23.28	48	100.48	37.77	45.18	11.29	19.47	22.08
44.63	46.65	55.61	60.52	65.20	25.01	49	107.63	39.40	47.02	10.48	20.68	23.53
46.45	48.60	57.05	61.52	69.67	26.89	50	115.69	41.14	48.98	9.70	22.00	25.10
48.37	50.67	58.71	62.82	....	....	51	125.34	42.94	51.06	8.93	23.46	26.83
50.40	52.87	60.48	64.22	....	....	52	136.47	44.84	53.25	8.18	25.06	28.71
52.56	55.19	62.34	65.74	....	....	53	149.42	46.85	55.58	7.44	26.79	30.75
54.84	57.67	64.32	67.40	....	....	54	164.71	48.99	58.05	6.72	28.67	32.96
57.25	60 31	66.41	69.19	....	....	55	183.08	51.27	60.67	6.02	30.71	35.36
59.81	63.11	68.65	71.14	....	....	56	....	53.69	63.46	5.33	32.94	....
62.54	66.09	71.05	73.26	....	....	57	....	56.26	66.42	4.66	35.35	....
65.42	69.27	73.60	75.56	....	....	58	....	59.00	69.57	4.00	37.97	....
68.48	72.66	76.34	78.07	....	....	59	....	61.92	72.93	3.35	40.82	....
71.73	76.30	79.27	80.80	....	....	60	....	65.02	76.49	2.72	43.91	....
91.42	98.79	....	....	....	....	65	....	83.98	98.22	....	....	....

Semi-annual rate 51.25% of annual; quarterly 26.25%, monthly 8.83%. Fractional premiums not due at death not deducted from proceeds.

†Minimum policy $5,000. ‡Minimum policy $2,000.

*At death during 20 years, $10 monthly for balance of 20 years from issue and $1,000 final payment. Minimum $2,000.

(a)Convertible as of original or attained age; 5 year within 4 years; 10 year, within 7 years.

(b)$10 monthly life income, 120 months certain. Death benefit prior to maturity is $1,000 or cash value if greater. Maturity cash value $1,656. Minimum $2,000.

(c)Monthly life income, 10 years certain, per $100 annual premium. Death benefit prior to maturity is premium paid or cash value if greater.

Limits—$1,000 upward, reinsuring over $100,000; does not accept reinsurance. Ages 0-65. **Non-Medical**—$5,000, ages 6-35; $3,000, ages 36-40, men and single, self-supporting women.

Bankers Life, Ia. 47

DISABILITY RATES (Waiver of Premium) (Male) CSO 2¼%

Pref. Whole Life	Life Paid-Up Age 85	20 Payment Life	20 Year Endowment	Life Paid-Up at 65	Family Prot. 20 Year Rider	Age	Income to Insured at 65 Male	* Retirement Annuity Male	Modified Two Whole Life 1st 2 Years	Modified Two Whole Life Thereafter	Term to 65	18 Pay. Life
.56	.58	....	....	.53	....	15	.74	3.59	.58	.58	....	.43
.67	.70	.51	.76	.65	.31	20	.92	3.92	.71	.71	.70	.52
.76	.79	.56	.81	.73	.33	23	1.05	4.11	.79	.79	.79	.57
.82	.85	.60	.85	.79	.33	25	1.15	4.25	.86	.86	.85	.61
.90	.93	.65	.90	.86	.35	27	1.27	4.39	.94	.94	.93	.65
1.03	1.07	.75	1.00	.99	.37	30	1.48	4.62	1.08	1.08	1.07	.74
1.08	1.12	.79	1.04	1.04	.38	31	1.56	4.71	1.13	1.13	1.12	.78
1.14	1.17	.84	1.09	1.10	.39	32	1.65	4.80	1.19	1.19	1.17	.82
1.20	1.24	.89	1.15	1.16	.41	33	1.75	4.89	1.25	1.25	1.24	.87
1.26	1.30	.95	1.21	1.22	.42	34	1.85	4.99	1.32	1.32	1.30	.92
1.33	1.37	1.02	1.29	1.29	.44	35	1.97	5.09	1.39	1.39	1.37	.98
1.41	1.45	1.10	1.37	1.37	.46	36	2.09	5.20	1.47	1.47	1.45	1.06
1.49	1.53	1.18	1.46	1.46	.49	37	2.23	5.31	1.55	1.55	1.53	1.14
1.58	1.62	1.28	1.57	1.55	.52	38	2.39	5.43	1.64	1.64	1.62	1.23
1.68	1.72	1.40	1.68	1.65	.56	39	2.55	5.56	1.74	1.74	1.72	1.33
1.78	1.83	1.52	1.82	1.76	.60	40	2.74	5.69	1.85	1.85	1.83	1.45
2.17	2.22	2.06	2.37	2.16	.79	43	3.41	6.12	2.25	2.25	2.22	1.94
2.49	2.55	2.46	2.78	2.51	1.00	45	4.00	6.44	2.58	2.58	2.55	2.38
3.59	3.67	3.72	4.00	3.77	1.80	50	6.20	7.35	3.71	3.71	3.67	3.72
5.31	5.43	5.55	5.78	....	....	55	10.64	8.35	5.49	5.49	....	5.64

DISABILITY RATES (Waiver of Premium and $5 Monthly Income) (Male)

Pref. Whole Life	Life Paid-Up Age 85	20 Payment Life	20 Year Endowment	Life Paid-Up at 65	Family Prot. 20 Year Rider	Age	Income to Insured at 65 Male	* Retirement Annuity Male	Modified Two Whole Life 1st 2 Years	Modified Two Whole Life Thereafter	Term to 65	18 Pay. Life
2.76	2.79	3.30	1.78	2.74	....	20	2.87	8.33	2.80	2.80	2.79	3.56
3.16	3.19	3.46	1.99	3.12	....	25	3.31	9.14	3.20	3.20	3.19	3.71
3.66	3.70	3.62	2.32	3.62	....	30	3.91	10.09	3.72	3.72	3.70	3.85
4.37	4.42	3.85	2.95	4.32	....	35	4.78	11.35	4.44	4.44	4.42	4.05
5.43	5.49	5.10	4.58	5.40	....	40	6.17	13.08	5.52	5.52	5.49	4.89
7.21	7.30	7.17	6.97	7.24	....	45	8.71	15.72	7.34	7.34	7.30	7.06
11.07	11.23	11.33	11.40	11.42	....	50	15.06	21.03	11.31	11.31	11.23	11.33

*Rates to waiver $100 of annual premium; Income Clause provides $10 monthly income.

Double Indemnity Rates: All forms except 10, 15, 18 and 20 Payment Life $1.30 per $1,000, age 15-25, increasing 1c per age to $1.50 at age 45 and increasing 5c per age to $2.00 at age 55.

CASH VALUES PER $1,000 (Participating) CSO 2¼%

20	25	30	35	40	45	50	55	Age / Year	20	25	30	35	40	45	50	55
Preferred Whole Life									**Life Paid-Up at Age 85**							
....	....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	....
2	5	9	13	17	22	26	32	2	....	2	6	10	14	19	24	30
14	19	24	31	38	45	54	63	3	11	16	22	28	35	43	52	62
26	33	40	49	59	69	81	94	4	23	30	38	47	57	68	80	94
38	47	57	68	80	93	108	124	5	36	45	55	66	78	92	108	126
104	121	141	163	187	214	243	272	10	103	120	140	162	187	215	246	280
175	201	230	261	296	333	371	409	15	174	201	230	262	298	337	379	426
250	284	321	361	403	446	490	531	20	251	286	323	364	400	455	505	565
484	451	411	361	296	214	108	....	At 55	486	454	414	364	298	215	108	....
561	534	500	457	403	333	243	124	At 60	564	537	504	461	400	337	246	126
636	613	584	549	504	446	371	272	At 65	640	618	590	555	511	455	379	280
20 Payment Life									**Life Paid-Up at Age 65**							
....	....	....	....	....	....	....	....	1	....	....	....	....	....	2	13	....
16	20	24	28	31	35	37	39	2	1	4	9	15	25	38	62	....
40	46	52	58	64	70	74	79	3	14	21	29	38	53	75	113	....
65	73	81	89	98	106	112	118	4	29	38	48	62	83	113	164	....
90	100	110	121	131	142	150	157	5	43	54	68	86	112	151	216	....
223	244	266	288	310	330	347	360	10	120	144	174	212	267	350	497	....
371	404	439	473	506	536	561	579	15	203	240	287	347	433	570	828	....
536	583	632	681	729	775	817	855	20	293	344	408	492	617	828	874	....
681	681	681	681	506	330	150	....	At 55	588	564	534	492	433	350	216	....
729	729	729	729	729	536	347	157	At 60	701	688	671	648	617	570	497	....
775	775	775	775	775	775	561	360	At 65	828	828	828	·828	828	828	828	....
20 Year Endowment									**Income to Insured at 65—Male**							
12	13	14	15	15	16	16	16	1	....	....	....	5	14	28	45	95
54	55	56	56	57	57	58	58	2	16	22	32	45	64	93	138	244
96	97	98	99	99	99	100	100	3	39	49	64	85	115	161	234	399
140	141	141	142	142	142	142	142	4	62	77	98	126	167	229	332	560
185	185	186	186	186	186	186	185	5	86	105	132	168	220	300	433	728
424	424	423	422	421	418	414	408	10	212	256	314	393	506	684	1000	1656
694	693	692	689	686	681	673	661	15	353	424	517	646	836	1139	1656	....
936	935	935	934	932	930	926	920	19	477	572	699	877	1142	1548	....	....
1000	1000	1000	1000	1000	1000	1000	1000	20	509	611	747	939	1223	1656	....	....
....	....	1000	689	421	418	186	....	At 55	1110	1068	1013	939	836	684	433	....
....	....	....	1000	686	681	414	185	At 60	1368	1346	1317	1278	1223	1139	1000	728
....	....	....	....	1000	1000	673	408	At 65	1656	1656	1656	1656	1656	1656	1656	1656

AGENCY NEWS

To "Isolate" Trainees in Brink Agency's Program

The Earl B. Brink state agency of Mutual Benefit Health & Accident and United Benefit Life at Detroit is setting up a new training program which will be housed in quarters entirely removed from the regular agency offices. No man undergoing training will be allowed near the general offices until his training is completed and he is deemed qualified to represent the companies as a regular agent. It is felt that "isolation" of these new men is the only way to teach them basic insurance procedures, free from the "pet theories" of men already in the business, which often are detrimental to the beginner.

Williams in Charge

The course will be headed by Paul T. Williams, production manager of the agency, who has been with the Brink agency since 1943 and last year directed an accident and health extension course at Detroit for the University of Michigan. Students will be paid a weekly salary, with a half-commission schedule. Those who complete the course successfully will go on full commission schedule. There will be 15 hours weekly spent in the classroom and each two-week period will have about 15 hours additional in prospecting assignments, including telephone survey, house to house canvassing, preapproach and contacting of present policyholders.

McAndless at Hartford

President A. J. McAndless attended the Christmas party of the John Havens Connecticut agency of Lincoln National Life at Hartford. Production awards were presented to leaders in the observance of Cross month. Honors went to Samuel Frankel of New Haven and George Havens of Hartford. In the month all previous production records by the Havens agency were exceeded.

President McAndless extended congratulations to Mr. Havens, who is now entering his 25th year with the company. He was at the home office in his early years with Lincoln National.

Fraser Is Optimistic

Doubt that America faces the possibility of a depression was expressed by P. M. Fraser, president of Connecticut Mutual Life, who was host to 23 members of the Paul L. Guibord agency, Rochester, N. Y. Mr. Fraser said he can foresee no serious depression, and only a minor recession at the worst. A recession, he added, would be a healthful influence in bringing down high prices.

Broad information on over 180 companies is provided in the new *Little Gem Life Chart.*

Companies, Agents Criticise Proposals

(CONTINUED FROM PAGE 4)

ent locations at different dates, what date should be shown?

Subsection 29.23(p) proposes that information be submitted on the 25 highest paid employes and on an indeterminate number of retired or former employes. According to the memorandum, the purpose of the inclusion of retired or former employes is not clear and it is the opinion of the two associations that the number of employes in the information required should be reduced rather than increased. If the intention of the subsection is to get information on former or retired employes, to learn if they are receiving non-deferred compensation or if contributions are being made for their benefit under the plan, then the subsection should be changed to express this purpose.

Some of the information that must be furnished is based on the taxable year of the employer and some on the plan year with or within which the employer's taxable year terminates, it is stated in 29.23(p)-2(c), (d), (e), and (f). The memorandum says that where the taxable and plan years are not the same there must be two filings of information, one with the tax return and the second not later than the 15th day of the third month following the end of the plan year. Obviously the second filing will be little more than a duplication of the first and is unnecessary. Furthermore, there should be a substantial increase in the time limit within which the required data must be filed and the memorandum proposes that one year be granted after the end of the taxable year. The allowance for more time would have an excellent effect on the quality of the return and would avoid needless waste that results from too much haste when unreasonably short periods of time are allowed.

"Value" of Benefits

The "value of benefits" is brought up in 29.23(p)-2(c) (10). Does "value" mean the current cost to purchase a comparable annuity at the employe's age? Or, does it mean the reserve held by the insurer? The life people see no purpose in requiring the extensive calculations involved in such a valuation.

The proposals change 29.23(p)-2(e) so as to require in addition to the number of employes in the various excluded classifications "the total annual nondeferred compensation in effect as of the close of the year" for each of such groups. While the regulations would permit the report to be "based on reasonable estimates", the work necessary to obtain the approximation would be substantial and there seems to be no purpose. The memorandum recommended that information on compensation not be required in all cases but be requested by the bureau when considered necessary.

An effort is made in 29.23(p)-2(f) and (g) to make a distinction between the information that must be furnished under a trust and under a non-trusteed annuity plan. This is a desirable improvement over the old regulations, although some of the language used is confusing. For example, just what does the phrase "a detailed statement of the operations" of a non-trusteed annuity plan mean? In addition, the memorandum states, it should be unnecessary to furnish a financial statement which includes the current value of individual policies purchased by the trust for employes who are still covered under the plan.

Maximum Deduction

Item 29.23(p)-2(h) calls for "a detailed statement of the applicable limitations under section 23(p) (1) (A), (B), (C) or (F) and of the method of determining such limitations and a summary of the data and computations necessary to determine the allowable deductions for the taxable year." According to the memorandum the information desired is not the maximum deduction allowable but whether or not the deduction claimed is within permissible limits. When the amount that is claimed is clearly within the permissible limits it should not be necessary to determine precisely what the maximum deduction is.

The first paragraph following subsection (i) in 29.23(p)-2 contains a time limit of 30 days for filing "a detailed statement explaining the change and its effect" in case of a change in the plan. The memorandum recommended that the limit be extended so that this information can be filed at any date not later than the date of filing the tax return of the year the change takes place.

Section 29.23(p)-8 raised serious questions in regard to the language and meaning. The meaning of the phrase "the resulting funds of the plan" is typical according to the memorandum. In most insured plans, where the obligations are covered by insurance or annuity contracts and no other substantial assets are held by the employer for the plan, it may be that the phrase has no application whatsoever. If this is so, then the employer having that type of plan is not concerned with the problems the remainder of the sentence produces. This phraseology should be clarified.

Application of Refunds

The memorandum states that several points need clarification in proposed 29.23(p)-9(c), which deals with the application of refunds under plans claiming deductions. One has to do with the requirement of a definite affirmative provision that any refunds shall be applied in the current or next succeeding taxable year to the purchase of retirement annuities. It is not necessary to insist that there be a definite affirmative provision for this because not only does the law require it but employers are doing it and reporting such action. To require this provision would mean that many contracts now in force would have to be amended to conform with the new law.

A later sentence in this same section contains the following clause in connection with the application of credits: "So that no contributions are paid while unapplied credits are available." Although this statement was most probably intended as a commentary on the effect of the provision which is outlined in foregoing portion of the same sentence it appears to be an incorrect statement of the effect of the provision. For example, there are many plans in existence where it would not be practicable to refuse contributions because there are unapplied credits.

Discontinuance of Plan

The proposal further provides that in the event of the discontinuance of a plan any unapplied credits shall be applied to continue the purchase of annuities in accordance with the plan. This regulation is an unnecessarily rigid one, according to the memorandum, and will produce impractical results. It should not be necessary because by the terms of the plan the employer will not be able to obtain such credits in cash. Sometimes situations arise where an employer wishes to discontinue one plan and set up another. In many instances it would be unobjectionable from the standpoint of all parties to have unapplied credits under the old plan transferred to the new one. This situation is one that may arise quite often because of the sale of properties, merger of companies and changes in funding methods.

Subsection (c) defines "refunds of premiums" so as to include dividends. This provision would deny the contract holder the cash option which he is entitled to under the New York insurance law, which says that in the case of a group annuity contract the dividend apportioned shall, at the option of the holder of the master contract, be either (a) payable in cash or (b) applicable to the payment of any premium or premiums of said contract.

Proposal as to Dividends

Section 23(p) (1)-(B) of the internal revenue code contains no requirement as to contractual provisions respecting dividends. It requires only that refunds of premiums be applied as prescribed. The memorandum states that section 23(p)-9 in its present form contains language that appears to be without support in the statutory provision. However, it has been possible to devise a procedure acceptable to the bureau which permits compliance with state insurance laws. This procedure consists in the making by individual contract holder of a permanent written election of the option to have dividends applied to payment of premiums or stipulated payments on the contract. Why discard this procedure?

The proposed new subsection (c) specifically requires apportionment of dividends after termination of an annuity contract and other credits arising thereafter must be applied to purchase annuities in a prescribed manner.

When a group annuity contract is discontinued, contractual liabilities accrued to date have been met to date. The life people don't believe it was the intent of Congress that terminated pension plans which have met all liabilities to date of termination should receive different treatment as to disposal of any surplus funds arising after discontinuance, depending solely upon the funding instrumentality that happened to be employed. Application of such credits after discontinuance of a contract involves serious administrative and legal questions. The amount of annuity resulting from the distribution at any one time will likely be trivial as to the individual. The law will be fully complied with by permitting any credits arising after discontinuance to be paid by the employer in cash. This requirement of the proposed regulations is impractical and unrealistic.

Foundation Is Increased

The desirability of continuing the activities of the S. S. Huebner foundation for insurance education and of providing increased funds for its support was recognized in actions taken by governing boards of Life Insurance Assn. of America, American Life Convention and Institute of Life Insurance.

The annual amount is to be increased to $30,000 from the $25,000 initially contemplated.

The foundation has made fellowship or scholarship grants to 22 persons who have been preparing at the graduate level for insurance teaching and research careers in colleges; has maintained a circulating insurance research library for teachers; has made several grants for publishing research theses and other studies which constitute a contribution to insurance knowledge; and has generally functioned as an insurance teaching service center.

Continental Names Women's Agency in Los Angeles

The La Bella agency, a Los Angeles organization of women headed by Mary La Bella, has been appointed a general agency of Continental Assurance. Miss La Bella aims to make $250,000 of life insurance production the minimum standard. She has been with Manhattan Life in Los Angeles and before that was a general broker there, after having been office manager in a general insurance agency. She has qualified for the women's Quarter Million Dollar Round Table for two years.

Mary La Bella

Office manager and director of training will be Sophia Bliven, formerly unit manager in Los Angeles of California-Western States Life and before that with Penn Mutual for 12 years in Philadelphia, where she built a highly successful woman's group. She has been active in the women's division of the National Assn. of Life Underwriters.

$250 Million Loaned Two Concerns by Life Companies

Union Carbide & Carbon Corp. has borrowed $150,000,000 from insurance companies on an issue of 20 year promissory notes yielding 2.70. It is understood that Prudential and Metropolitan took most of the loan. Union Carbide expects to increase its production facilities with the proceeds of the new financing.

Goodyear Tire & Rubber Co. has arranged to borrow $100,000,000 from insurance companies. Prudential, Metropolitan and John Hancock are among those participating in this loan. Of the total amount $68,421,000 will represent new money and will be on 3% unsecured promissory notes due in 1967. The remainder will represent a refunding of the outstanding portion of 3½ to 2¾% first mortgage bonds due in 1964 and will have the same interest and term as the bonds.

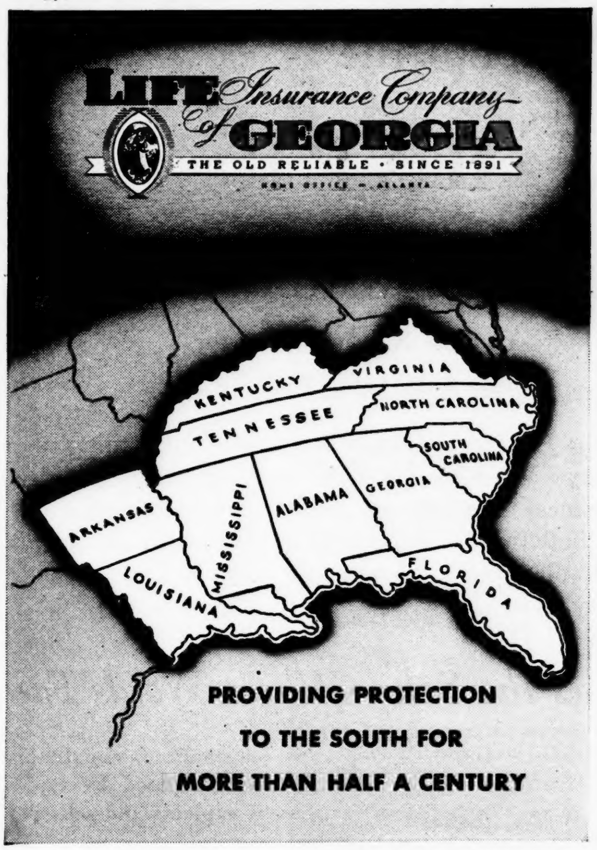
Lanning Is Promoted

Paul G. Lanning, formerly manager of Western & Southern's Chicago Irving Park office, has been promoted to divisional superintendent of agencies. Starting in 1930 at Akron, O., on a debit, he became associate manager in 1931 and was at Warren, O., and Beaver Falls, Pa., in that capacity. He was promoted to manager at Newport, Ky., in 1936, and subsequently has managed districts in Columbus, O., Springfield, Ill., and Chicago.

Detroit Mutual Appointments

Clyde A. Reak, formerly of Detroit, who has been in insurance work more than 25 years, has been appointed manager of the Flint-Saginaw district for Detroit Mutual, cooperative life, health and accident carrier, with which he has been associated for several years. Dewey T. Barber and Luther A. Cravens, both of Flint, have been named superintendents there.

John P. Williams of American College, addressed the Oklahoma C.L.U. chapter on the importance of education in the success of the life man in the 1948 business picture.



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